



UI 101

OVERVIEW OF THE UNEMPLOYMENT INSURANCE PROGRAM IN THE UNITED STATES

FACILITATORS



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AGENDA



Purpose of the Unemployment Program

History of the Unemployment Program


Funding the Program

Claim Filing

Benefit Payment & Charging

Break

Purpose of the Unemployment Insurance Program



"The people are what matter to government, and a government should aim to give all the people under its jurisdiction the best possible life."

- Labor Secretary
Frances Perkins

The first woman cabinet member.
Secretary of Labor 1933 - 1945.

The federal-state unemployment insurance system (UI) helps many people who have lost their job by temporarily replacing part of their wages while they seek re-employment.

- The system helps sustain consumer demand by providing a continuing stream of dollars into the economy
- The Unemployment Insurance program is particularly important during periods of economic downturn.



History of the Unemployment Program

Trailblazing State

Wisconsin passed the first unemployment insurance program in 1932 to be effective in 1934

- Covered employers with 10 or more employees
- Payroll tax on employers at two percent on payroll until \$55 per employee was accumulated.
- After \$55, tax rate dropped to one percent on payroll until \$75 per employee was accumulated
- Revenue went to state managed fund with accounting by individual employer

Benefit Payment

- Up to 13 weeks of benefit payments
- Benefit amount not to exceed 50 percent of average weekly wage
- Maximum weekly benefit: \$10



History of the Unemployment Program

Federal Action

Social Security Act of 1935 defined provisions for a national unemployment program

- Title III — Grants to States for Unemployment Compensation Administration Appropriation
 - Program administration
 - Funding
 - State law / regulation
- Title IX — Tax on Employers *of Eight or More*
 - Impose employer taxation
 - Standards for state systems in relation to tax offsets
 - Exclusions from coverage
 - Established guideline for experience rating



History of the Unemployment Program

Need for a Federal-State System

State only system was not effective

- Several states passed legislation but did not actually implement a program
- Federal only system would be cumbersome and likely not meet the needs of local constituencies
- Federal-State system removes disadvantages in interstate competition while allowing wide latitude for experimentation
- Concerns about the constitutionality of Federal requirements led to an incentives system
 - States technically have a choice whether or not to establish their unemployment compensation programs in compliance with the provisions of Federal law
 - Provisions of the Federal Unemployment Tax Act (FUTA) allow employers take credit against the Federal UI tax if their states' UI programs comply with Federal law
 - 1937 SCOTUS decision: *Steward Machine Co. v. Davis*



History of the Unemployment Program

Decade of Change — 1930's

Wagner-Peyser Act — 1933

- Established a nationwide system of employment offices

Social Security Act - 1935

- Defined provisions for a national unemployment program

Wagner Act — 1935

- Created National Labor Relations Board (NLRB)
- Allowed employees to form and join unions, and obligated employers to bargain

Federal Unemployment Tax Act — 1939

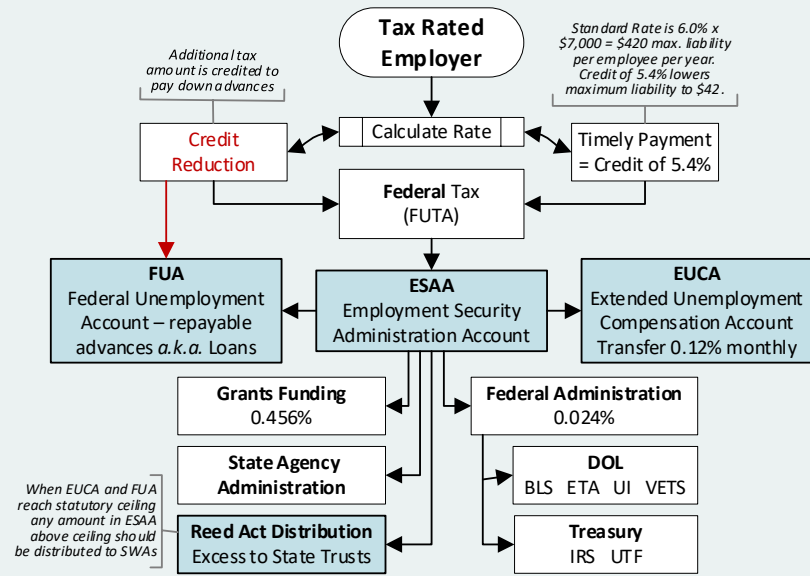
- Social Security Amendments - August 11, 1939
- Established a taxable wage base - \$3,000



FUNDING THE PROGRAM

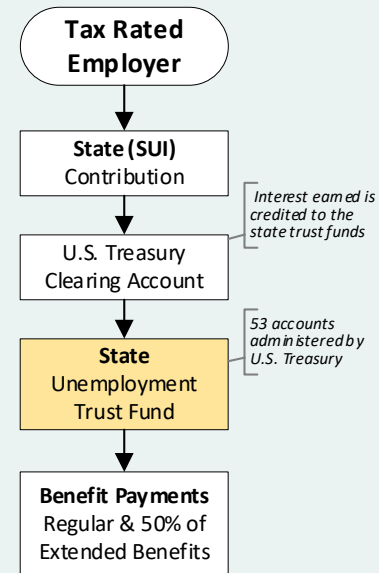
Taxation Overview – Federal and State

Federal Taxation



- Program Administration
 - Employer contributions (taxes) fund 100%

State Taxation

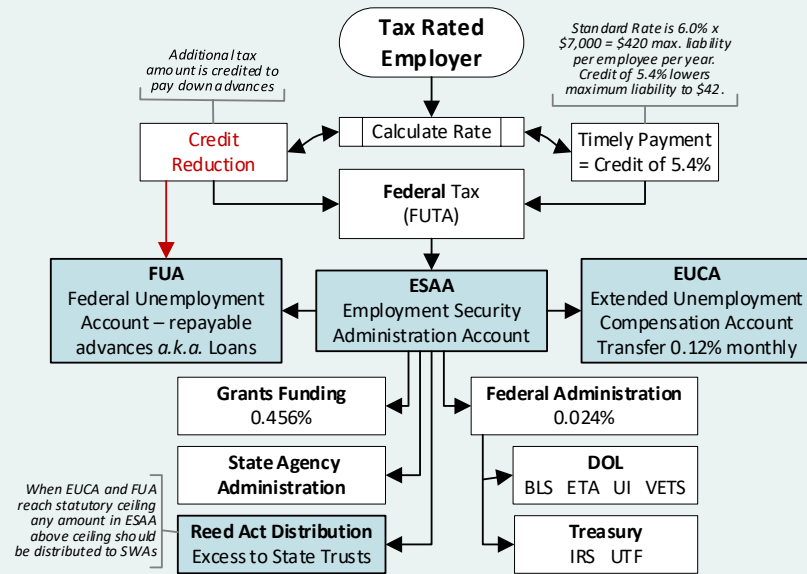


- Benefits Payment
 - Employer contributions (taxes) fund 100%

Provided as reference of state and federal unemployment taxation process, not comprehensive.

Taxation Overview – Federal

Federal Taxation



- Federal Unemployment Tax Act
 - Employer tax of 6.0 percent on the first \$7,000 in covered wages for each employee
 - Up to \$420 per employee, per year
 - If FUTA is paid timely the employer receives a credit of 5.4 percent
 - \$420 reduced to \$42 per employee
- Taxable Wage Base
 - The maximum amount of covered wages on which tax must be paid.

FUTA Taxation

Historic FUTA Rate and Taxable Wage Base

Year	FUTA Rate	Wage Base	Maximum Credit	Effective Rate	Year	FUTA Rate	Wage Base	Maximum Credit	Effective Rate
1936	1.00%	\$ - all	0.90%	0.10%	1964	3.10%	\$3,000	2.70%	0.40%
1937	2.00%	\$ - all	1.80%	0.20%	1970	3.20%	\$3,000	2.70%	0.50%
1938	3.00%	\$ - all	2.70%	0.30%	1972	3.20%	\$4,200	2.70%	0.50%
1940	3.00%	\$3,000	2.70%	0.30%	1978	3.20%	\$6,000	2.70%	0.50%
1961	3.10%	\$3,000	2.70%	0.40%	1983	6.00%	\$7,000	5.40%	0.60%
1962	3.50%	\$3,000	2.70%	0.80%	1988	6.20%	\$7,000	5.40%	0.80%
1963	3.35%	\$3,000	2.70%	0.65%	2011★	6.00%	\$7,000	5.40%	0.60%

The current FUTA rate of 6.0 went into place during 1983. A surcharge of 0.20 was added in 1988 causing the effective rate to increase from 0.60 to 0.80. The surcharge was removed July 1, 2011.



FUTA Taxation

FUTA Credit & Title XII Loans

FUTA tax rate	FUTA taxable wage base	FUTA tax
6.0%	\$7,000	\$420 Per Employee

FUTA tax credit	Effective FUTA tax rate	Effective FUTA tax
5.4%	0.6%	\$42 Per Employee

At times, states may need to borrow in order to bolster their state trust fund which may lead to a Title XII Advance

If a Title XII Advance (loan) remains outstanding for two years (as of January 1st), employers in the affected state lose 0.3% of the 5.4% credit (or \$21 per employee in additional tax)

0.3% FUTA credit loss continues for every year the Federal Title XII Advance remains unpaid

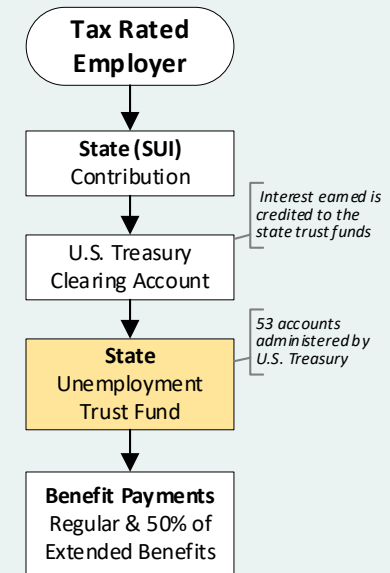
Example: Year 1 - 0.3% = \$61; Year 2 - 0.6% = \$84, Year 3 - \$105, etc.

Taxation Overview – State

Taxable Wage Base

- States set their own taxable wage base
 - Must be at least the federal taxable wage base of \$7,000
 - Employee contribution states
 - AK – 0.50
 - NJ – 0.03825
 - PA – 0.07
- Common methods to determine TWB
 - Set by the legislature
 - Indexed (percent of average weekly wage)

State Taxation



State Taxable Wage Base – 2024

- \$7,000 - \$68,500

State	Wage Base	State	Wage Base	State	Wage Base
Alabama	\$8,000	Kentucky	\$11,400	North Dakota	\$43,800
Alaska	\$49,700	Louisiana	\$7,700	Ohio	\$9,000
Arizona	\$8,000	Maine	\$12,000	Oklahoma	\$27,000
Arkansas	\$7,000	Maryland	\$8,500	Oregon	\$52,800
California	\$7,000	Massachusetts	\$15,000	Pennsylvania	\$10,000
Colorado	\$23,800	Michigan	\$9,500	Rhode Island	\$29,200
Connecticut	\$25,000	Minnesota	\$42,000	South Carolina	\$14,000
D.C.	\$9,000	Mississippi	\$14,000	South Dakota	\$15,000
Delaware	\$10,500	Missouri	\$10,000	Tennessee	\$7,000
Florida	\$7,000	Montana	\$43,000	Texas	\$9,000
Georgia	\$9,500	Nebraska	\$9,000	Utah	\$47,000
Hawaii	\$59,100	Nevada	\$40,600	Vermont	\$14,300
Idaho	\$53,500	New Hampshire	\$14,000	Virginia	\$8,000
Illinois	\$13,590	New Jersey	\$42,300	Washington	\$68,500
Indiana	\$9,500	New Mexico	\$31,700	West Virginia	\$9,000
Iowa	\$38,200	New York	\$12,500	Wisconsin	\$14,000
Kansas	\$14,000	North Carolina	\$31,400	Wyoming	\$30,900

Range	States
\$ 7,000 – 9,999	17
\$10,000 – 19,999	15
\$20,000 – 29,999	4
\$30,000 – 39,999	4
\$40,000 – 49,999	7
\$50,000 – 59,999	3
\$60,000 +	1



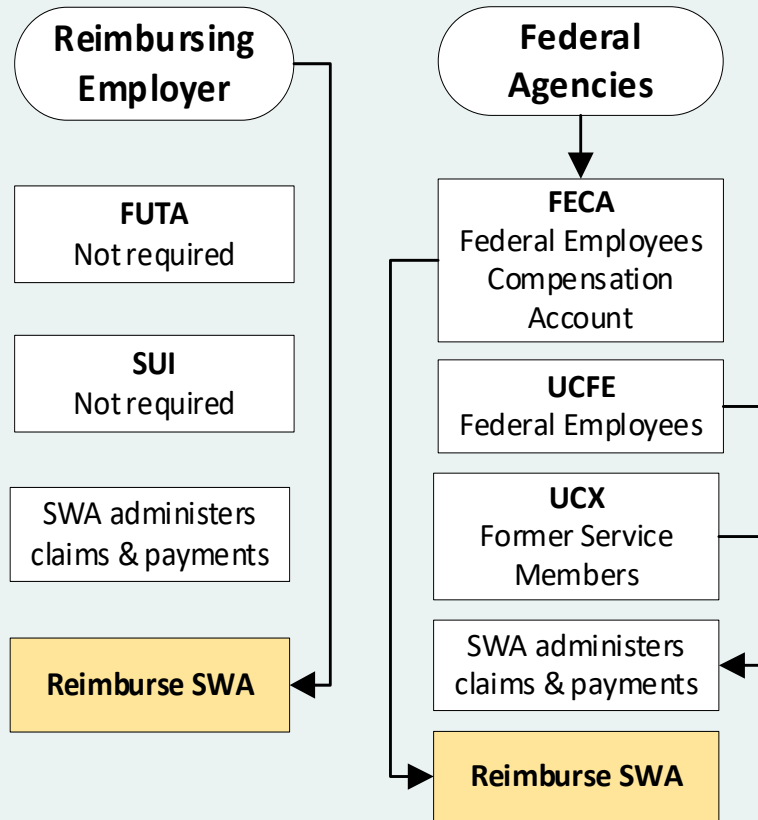
Taxation Overview – State

Unemployment Tax Rate

- States have wide latitude to determine taxation model and rate
 - Quarterly payroll tax on employers commonly called ‘contributions’
 - Requirement to receive FUTA credit
 - Not all employers are required to pay quarterly state unemployment taxes
 - Federally recognized Indian tribes along with local governmental entities and certain non-profits may select to reimburse for benefit payments
 - Specific trust funds exist for federal employees and former service members
- Experience Rating
 - Required by federal law
 - Set taxation rate based upon risk
 - Risk should be based upon 3+ years of experience

Unemployment Taxation Overview

Reimbursing Employers and Federal Employees / Service Members



What, Why and When

Non-profit Organizations and Local Governmental Entities Liability

Sections 3304(a)(6)(B) and 3309(a)(2) of the Federal Unemployment Tax Act (FUTA), as enacted by Public Law 91-373 and amended by Public Laws 94-566 and 95-19; Unemployment Insurance Program Letter No. 1212, November 14, 1972.

Requires that nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code and all State and local governmental entities must be liable for contributions under State law. However, this section also provides that these entities must be given, under State law, the option of electing to make payments in lieu of contributions (i.e., reimbursements) as the method of financing their liability for unemployment compensation (UC) costs, on the basis set forth in Section 3309(a)(2), FUTA.

Federal Employees Compensation Account - 42 USC §1109

There is hereby established in the Unemployment Trust Fund a Federal Employees Compensation Account which shall be used for the purposes specified in section 8509 of title 5. For the purposes provided for in section 1104(e) of this title, such account shall be maintained as a separate book account.

(Aug. 14, 1935, ch. 531, title IX, §909, as added Pub. L. 96-499, title X, §1023(a), Dec. 5, 1980, 94 Stat. 2657 .)

Tax Rates – State

Minimum & Maximum Rate - 2024

State	Wage Base	Min (%)	Max (%)	State	Wage Base	Min (%)	Max (%)	State	Wage Base	Min (%)	Max (%)
Alabama	\$8,000	0.20	6.80	Louisiana	\$7,700	0.09	6.20	Oklahoma	\$27,000	0.30	9.20
Alaska	\$49,700	1.00	5.40	Maine	\$12,000	0.28	6.03	Oregon	\$52,800	0.90	5.40
Arizona	\$8,000	0.08	20.93	Maryland	\$8,500	0.30	7.50	Pennsylvania	\$10,000	1.42	10.37
Arkansas	\$7,000	0.23	10.13	Massachusetts	\$15,000	0.56	8.62	Puerto Rico	\$7,000	3.50	5.40
California	\$7,000	1.50	6.20	Michigan	\$9,500	0.06	10.30	Rhode Island	\$29,200	1.10	9.70
Colorado	\$23,800	0.81	12.34	Minnesota	\$42,000	0.10	9.00	South Carolina	\$14,000	0.06	5.46
Connecticut	\$25,000	1.10	7.80	Mississippi	\$14,000	0.00	5.40	South Dakota	\$15,000	0.00	8.80
D.C.	\$9,000	1.00	7.40	Missouri	\$10,000	0.00	5.40	Tennessee	\$7,000	0.01	10.00
Delaware	\$10,500	0.30	6.50	Montana	\$43,000	0.00	6.12	Texas	\$9,000	0.25	6.25
Florida	\$7,000	0.10	5.40	Nebraska	\$9,000	0.00	5.40	Utah	\$47,000	0.30	7.30
Georgia	\$9,500	0.06	8.10	Nevada	\$40,600	0.25	5.40	Vermont	\$14,300	0.40	5.40
Hawaii	\$59,100	1.70	6.20	New Hampshire	\$14,000	0.10	7.50	Virgin Islands	\$31,000	2.51	5.40
Idaho	\$53,500	0.35	5.40	New Jersey	\$42,300	1.20	7.00	Virginia	\$8,000	0.10	6.20
Illinois	\$13,590	0.85	8.65	New Mexico	\$31,700	0.33	5.40	Washington	\$68,500	0.27	6.02
Indiana	\$9,500	0.50	11.20	New York	\$12,500	2.03	9.83	West Virginia	\$9,000	1.50	8.50
Iowa	\$38,200	0.00	7.00	North Carolina	\$31,400	0.06	5.76	Wisconsin	\$14,000	0.00	12.00
Kansas	\$14,000	0.10	6.00	North Dakota	\$43,800	0.08	9.68	Wyoming	\$30,900	0.48	9.78
Kentucky	\$11,400	0.30	9.00	Ohio	\$9,000	0.40	10.10				

- Taxable Wage Base is a de facto cap on employer liability
 - Wages in excess of the taxable wage base are not taxed



Experience Rating

In General

- UI benefits are financed via quarterly assessment of contributions (taxes) on employer payrolls
- Employer begins at an initial tax rate (new employer rate)
- Subsequent tax rates will vary based upon the amount of benefits charged to the employer's account
- States have many provisions as to what “employment” is charged to an employer and the formula used to compute their experience rating
- Once an employer's tax rate is determined, the rate applies to the wages paid to each employee for a specific year up to the state's maximum taxable wage base



Experience Rating



- Purpose
 - Ensure an equitable distribution of costs of the system among the employers who cause unemployment
 - Encourage employers to stabilize their workforce
 - Encourage employers to participate in the UC system as charges to their accounts will directly influence their tax rates.
- Considerations
 - New employers (new businesses) pose a higher risk to the UI trust and are generally assigned a fixed rate at the beginning of their account life.
 - Some states have separate ranges for seasonal industries such as construction because of the industry's high rate of employee turnover.



Experience Rating

Methods

- Reserve Ratio
 - AZ, AR, CA, CO, DC, GA, HI, ID, IN, KS, KY, LA, ME, MA, MO, MT, NE, MN, NH, NJ, NY, NC, ND, OH, RP, FI, SD, TN, VI, WV, WI
- Payroll Decline/Variation
 - AK
- Benefit Wage Ratio
 - DE, OK
- Benefit Ratio
 - AL, CT, FL, IL, IA, MD, MI, MN, MS, NM, OR, PA, SC, TX, UT, VT, VA, WA, WY

Detail for each can be found in Comparison of State Unemployment Laws, Chapter 2



Covered Employment & Wages – In General

- Covered employment includes:
 - Services performed by an individual who is an employee under the law of employer-employee
 - Services performed by an officer of a corporation who owns less than a threshold percent of the corporation
- Covered Wages includes:
 - Any remuneration in the form of salaries, wages, tips, commissions, fees, bonuses, vacation allowances, whether paid to full-time, part-time, or temporary employees, unless explicitly excluded.
 - Other forms of remuneration such as value of goods, lodging, food, clothing, and non-cash fringe benefits unless incidental or for the convenience of the employer.
 - Section 125 (cafeteria) plan benefits

CLAIM FILING



Qualification for Unemployment Benefits

- Be totally or partially unemployed
 - Proof of financial need is not required
- Show attachment to the workforce in covered employment
 - Weeks worked
 - Wages earned
- Be ‘unemployed’ through no fault of your own
 - Reduction in wages – employer control
 - Discharge for reasons that are not deemed misconduct
 - Voluntary leaving for reasons connected to the work (compelling)



Benefits Determination

Monetary Eligibility

- Unemployed worker files a claim with the state workforce agency
 - Online and by telephone are most used options
 - Local office visit may be required
- Monetary eligibility should be determined quickly
 - Quarterly filings by employers report subject wages and weeks worked
- Determine benefit year begin date (BYB)
 - Generally, within the week of the date a “valid” claim is filed
- Calculate weekly benefit amount (WBA)
 - Wages from a single state or combined wage claim (CWC)
- Work search registration is generally required

Base Period



Regular Base Period

OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR			
OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN		
	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	
	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC
Wages Not Used			Base Period Wages			Claim Filing Quarter		

A base-period is the look-back period during which wages earned and/or hours/weeks worked are examined to determine an individual's monetary entitlement to benefits.

The Regular Base Period is the **first four of the last five completed calendar quarters preceding the filing of the claim.** Massachusetts and Minnesota are exceptions and do not use the regular base period

Bonus terminology

- Alternative Base-Period (ABP)
- Extended Base-Period (EBP)



Benefits Determination

Non-monetary Eligibility

- Separating employer (last/most recent) is notified to provide separation detail
 - Claims examiner must determine if claimant is eligible based upon separation reason
 - Some states notify all employers in the base period
- Varied rules for base period (only) employers
 - Not to disqualify the claimant from benefits
 - Goal is removal of liability for the employer
- Eligible claimants must regularly certify they continue to be unemployed
 - Report any earnings
 - Attest to being Able to work and Available to accept work and be Actively seeking work
 - Meet any work search requirement



Disqualification from Unemployment Benefits

- Discharge for reasons that are deemed to be misconduct
- Voluntary leaving for reasons not connected to the work (compelling)
- Receiving certain payments e.g.: severance, pension, accrued vacation
- Rejecting a reasonable offer of work
- Being unable to work
- Not seeking work or fulfilling work search requirement(s)
- Earning wages greater than a certain threshold
- Not reporting earned wages while collecting benefits
- Self-employment while collecting benefits
- Not certifying continuing unemployment

Provided as example; not a comprehensive list

Benefit Payment

Weekly Benefit Amount (WBA)

- States have wide latitude in setting the weekly benefit amount
- Additional benefit amount may available as a ‘dependent allowance’

State	WBA Max.	WBA Min.	Weeks Max.	State	WBA Max.	WBA Min.	Weeks Max.	State	WBA Max.	WBA Min.	Weeks Max.
Alabama	\$275	\$45	20	Louisiana	\$275	\$10	26	Oklahoma	\$476	\$16	16
Alaska *	\$370	\$56	26	Maine *	\$511	\$89	26	Oregon	\$733	\$171	26
Arizona	\$240	\$200	26	Maryland *	\$487	\$50	26	Pennsylvania *	\$594	\$68	26
Arkansas	\$451	\$81	16	Massachusetts *	\$974	\$55	30	Puerto Rico	\$190	\$33	26
California	\$450	\$40	26	Michigan *	\$362	\$157	20	Rhode Island *	\$661	\$62	26
Colorado	\$636	\$25	26	Minnesota	\$529	\$31	26	South Carolina	\$326	\$42	20
Connecticut *	\$685	\$15	26	Mississippi	\$235	\$30	26	South Dakota	\$466	\$28	26
Delaware	\$400	\$20	26	Missouri	\$320	\$35	20	Tennessee	\$275	\$30	26
D.C	\$444	\$50	26	Montana	\$618	\$183	28	Texas	\$549	\$71	26
Florida	\$275	\$32	12	Nebraska	\$490	\$70	26	Utah	\$661	\$38	26
Georgia	\$365	\$55	26	Nevada	\$533	\$16	26	Vermont	\$583	\$75	26
Hawaii	\$695	\$5	26	New Hampshire	\$427	\$32	26	Virgin Islands	\$645	\$33	26
Idaho	\$499	\$72	21	New Jersey *	\$804	\$144	26	Virginia	\$378	\$60	26
Illinois *	\$542	\$51	26	New Mexico *	\$514	\$96	26	Washington	\$929	\$295	26
Indiana	\$390	\$37	26	New York	\$504	\$116	26	West Virginia	\$424	\$24	26
Iowa *	\$531	\$73	16	North Carolina	\$350	\$15	12	Wisconsin	\$370	\$54	26
Kansas	\$540	\$135	16	North Dakota	\$657	\$43	26	Wyoming	\$533	\$38	26
Kentucky	\$569	\$39	12	Ohio *	\$530	\$149	26	<i>* dependent allowance may be available</i>			

Source: <https://sengov.com/benefits> https://oui.doleta.gov/unemploy/ben_entitle.asp



Benefit Payment

WBA Formulae

- **High-quarter method:** based on the quarter in which the worker earned the most wages during their base period. This is the most common method and does the most, of methods currently in use, to protect workers with variable pay and hours.
- **Multi-quarter method:** based on wages in multiple quarters during the base period.
- **Annual-wage method:** calculate UI benefit amounts as a percentage of a worker's annual wages during their base period. This method, which can result in lower benefits for workers with variable earnings over the year.
- **Weekly-wage method:** calculate UI benefit amounts as a percentage of a worker's average weekly wages during their base period.
- **Combination method:** using a combination of these methodologies.



Benefit Payment

Charging Methods

- Proportion to Base Period Wages
 - AL, AZ, AR, CA, CT, DE, DC, FL, HI, IN, KS, LA, MD, MN, MS, MO, MT, NJ, NM, NC, ND, OH, OK, OR, PA, TN, TS, UT, VT, VI, WA, WV, WI, WY
- Most Recent or Principal Employer
 - GA, ID, IL, KY, ME, MI, NV, NH, NY, PR, RI, SC, VA
- Inverse Chronological Order (base period employers)
 - RI, SC, VA
- Non-charging
 - Benefits are payable but not charged to a single employer – *mutualized*
 - UI Integrity – federal law prohibits non-charging in certain instances

BREAK

10 Minutes

AGENDA



NASWA Overview

Unemployment Insurance Integrity

Unemployment Rate Calculation

Reciprocity Rate

SUTA Dumping

Round Table

Closing Remarks



NASWA

Overview

The National Association of State Workforce Agencies (NASWA) is the national organization representing all 50 state workforce agencies, D.C. and U.S. territories. These agencies deliver training, employment, career, business and wage and hour services, in addition to administering the unemployment insurance, veteran reemployment and labor market information programs. NASWA provides policy expertise, shares promising state practices and promotes state innovation and leadership in workforce development.



NASWA Legislative Priorities



2024

The National Association of State Workforce Agencies (NASWA) publishes its priorities annually on behalf of state workforce agencies. They are developed in collaboration with members through 10 national policy committees, approved by the board of directors, and circulated to membership.

Pillars:

- Workforce Development
- Data Infrastructure
- Unemployment Insurance
- Technology

<https://.naswa.org/advocacy/government-relations/2024-legislative-priorities>



Unemployment Insurance Integrity (UII)

Overview

- UI Integrity is designed to increase program efficiency, reduce overpayments and to engage employers in the process of improving the UI system
- Employer Compliance
 - Respond timely and adequately to a request for information on a claim
 - Respond to **every** claim request
 - Increased penalties for non-compliance or pattern of failure
- Agency Activities
 - Improved eligibility determinations
 - Reduce improper payments
 - Recover overpayments

Unemployment Rate Calculation

Overview

- Unemployment rate represents the number of unemployed people as a percentage of the labor force.
 - $(\text{Unemployed} \div \text{Labor Force}) \times 100$
- Bureau of Labor Statistics (BLS) U-3 Report
 - Defines unemployed people as those willing and available to work and who have actively sought work within the past four weeks
 - Excludes part-time workers seeking full-time and discouraged workers
- Bureau of Labor Statistics (BLS) U-6 Report
 - Includes those workers excluded in U-3
 - Higher overall unemployment rate than U-3

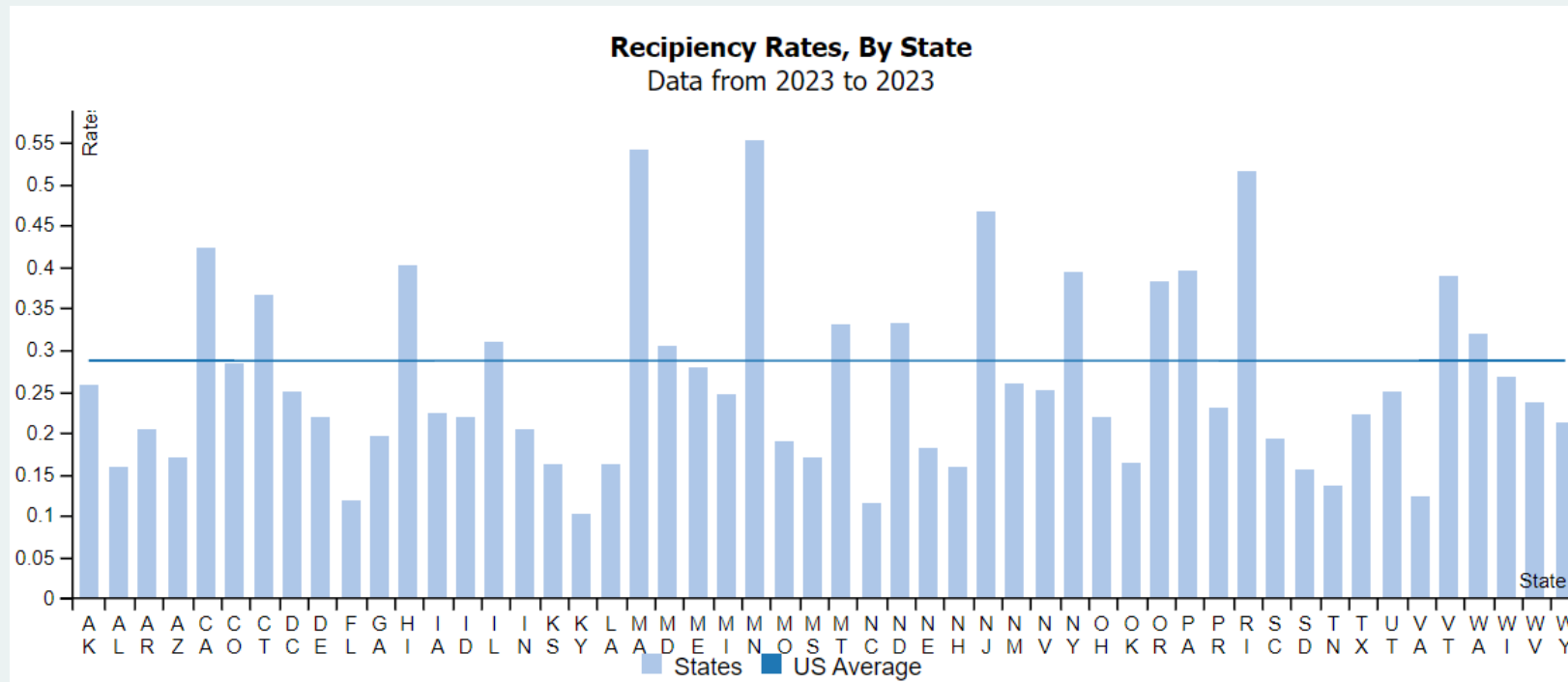
Report	Apr-24	Mar-24	Apr-23
U-3	3.9	3.8	3.4
U-6	7.4	7.6	6.6

Source: <https://fred.stlouisfed.org>

Unemployment Reciprocity Rate

By State - 2023

- Proportion of total unemployed who file for benefits
 - 2023 US average: 29%



Source: <https://oui.doleta.gov/unemploy/Chartbook/b10.asp>



SUTA Dumping

- A method to avoid higher taxes by modifying one type of business to another or moving employees from a high rated tax account to a lower rate tax account
- SUTA Dumping Prevention Act of 2004
 - States have program in place to detect activities
 - Meaningful penalty for violations
 - ETA 581 reporting (state UI performance)
- Outcomes
 - Reactivation of any closed employer accounts
 - Recalculation of employer SUI tax rate and application of penalty rate
 - Correction of contribution and wages among accounts

ROUND TABLE

Round Table

- Tales from the trenches
 - Things you have encountered in unemployment
- Hopes, Wishes and Dreams
 - What are things you would like to see happen in the UI system
- General Question & Answer
 - Stump the room
- Open Discussion

YOUR COMMENTS AND QUESTIONS

SCOTT B. SANDERS

PRESIDENT AND CEO

NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES

DAVID HARROD

PRINCIPAL RELATIONSHIP MANAGER

ADP SMART COMPLIANCE SOLUTIONS

Notices

This information has been provided by to aid you in understanding unemployment issues. The information provided is for general informational purposes only and is not legal, accounting or tax advice.

Any information provided here is by nature subject to revision and may not be the most current information available on the subject matter discussed.



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APPENDIX



Frances Perkins
Building



United States
Department
of Labor

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Resources

- [Benefit Accuracy Measurement Fact Sheet](#)
- [Benefit Accuracy Measurement Findings](#)
- [Bureau of Labor Statistics — Unemployment Data](#)
- [Comparison of State Unemployment Laws](#)
- [ETA Advisories](#) (TEGL, TEN, UIPL)
- [ETA Unemployment Insurance Data](#)
- [Title XII Advance Activities](#)
- [UI Laws, Regulations, and Guidance](#)
- [UI Payment Accuracy](#)
- [UI Program Performance](#)
- [Frances Perkins Biography](#)
- [Frances Perkins — Nine Facts to Know](#)
- [Unemployment Insurance Financial Data Glossary](#)
- [Fundamentals of the Federal Unemployment Tax \(2016\)](#)
- [WorkforceGPS](#)
- [NAUIAP \(Unemployment Appeals\)](#)
- [National Association of State Workforce Agencies \(NASWA\)](#)
- [NASWA Legislative Priorities \(2024\)](#)
- [Association of Unemployment Tax Organizations \(AUTO\)](#)
- [UWC Strategy](#)  

Common Acronyms

AAW	Average Annual Wage	HQ	High Quarter	UC	Unemployment Compensation
ABP	Alternative Base Period	HQW	High Quarter Wages	UCFE	Unemployment Compensation for Federal Employees Application
ADF	Additional Fact Finding (SIDES Exchange)	IB	Interstate Benefits	UCX	Unemployment Compensation for Ex-Military
ALJ	Administrative Law Judge	IBIQ	Interstate Inquiry	UI	Unemployment Insurance
AOR	Address of Record	IUR	Insured Unemployment Rate	UIDBMS	Unemployment Insurance Database Management System
ASO	Administrative Services Organization	MPC	Monetary & Potential Charges (SIDES Exchange)	UI-ICON	Unemployment Insurance-Interstate Connection Network
AW	Annual Wage	MPL	Maximum Potential Liability	UIPL	Unemployment Insurance Program Letter (from USDOL)
AWW	Average Weekly Wage	MQ	Multi-quarter	UIQ	Unemployment Insurance Query
BAM	Benefits Accuracy Measurement	PEO	Professional Employer Organization	UTF	Unemployment Trust Fund
BOR	Board of Review	POA	Power-of-Attorney	VC	Voluntary Contribution
BPC	Benefit Payment Control	RESEA	Reemployment Services and Eligibility Assessment	WBA	Weekly Benefit Amount
BPW	Base Period Wages	RFI	Request for Information	WIC2	Withdrawal/Invalid Claim
BYB	Benefit Year Begin	RJM	Resource Justification Model	WIC2	Withdrawal/Invalid Claim
BYE	Benefit Year End	SEA	Self Employed Assistance	WRIS WRIS2	Wage Record Interchange System
CQ	Calendar Quarter	SI	Separation Information (SIDES Exchange)	WW	Weekly Wage
CWC	Combined Wage Claim	SIDES	State Information Data Exchange System		
CY	Calendar Year	SSA	Social Security Act / Administration		
DD	Determination/Decision (SIDES Exchange)	STC	Short Time Compensation		
EB	Extended Benefits	SUI	State Unemployment Insurance		
EBP	Extended Base Period	SUTA	State Unemployment Tax Act		
EE	Employee	SWA	State Workforce Agency		
ER	Employer	TDI	Temporary Disability Insurance		
EUC	Extended Unemployment Compensation	TEN	Training and Employment Notice (from USDOL)		
EV	Earnings Verification (SIDES Exchange)	TPA	Third Party Agent a.k.a. employer representative		
FICA	Federal Insurance Contributions Act	TUR	Total Unemployment Rate		
FUTA	Federal Unemployment Tax Act				

Unemployment Types

Supply side factors

Frictional

Workers between jobs while performing work search

Structural

Mismatch of skills needed by employers and skills available in the labor pool

Real Wage

Wages above equilibrium creating more labor supply than demand

Geographical

Immobility of labor (or business) in a geographic area

Occupational

Worker skills cannot transfer from one industry to another

Seasonal

Less work during certain seasons or business cycle

Underemployment

Visible: working part time or seasonal wanting more hours / days
Invisible: worker cannot find employment meeting their higher skills

Demand side factors

Demand-deficient

Unemployment arising from economic slowdown and less demand in the economy

Long term

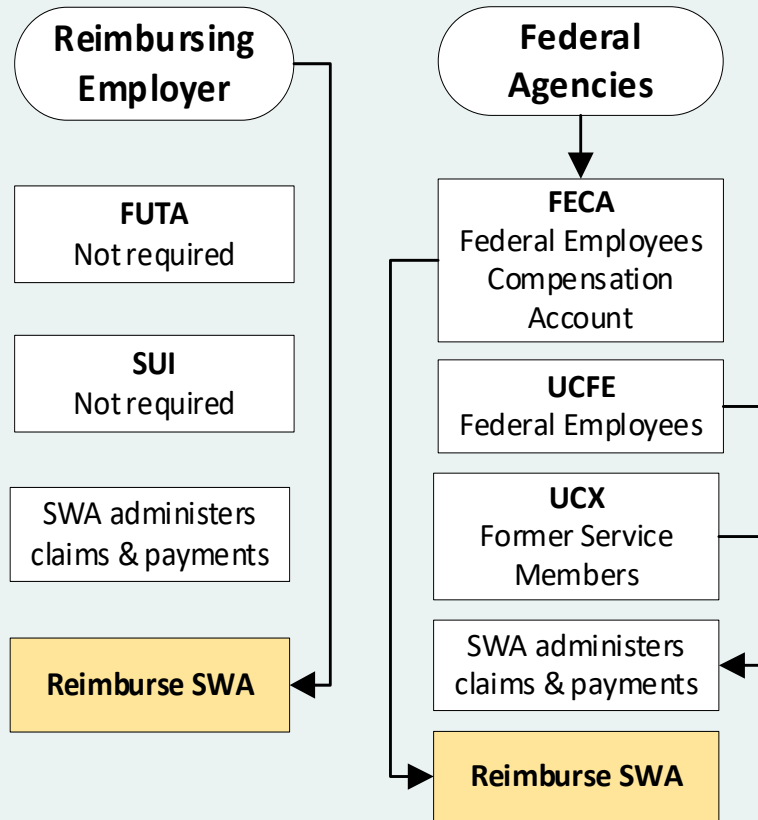
Engaged in job search for greater than 27 weeks no matter the cause

Supply-side unemployment also referred to as ‘natural’ unemployment is generally microeconomic imbalances in labor markets.

Demand-side unemployment is caused by lack of aggregate demand in the economy. In recessions, we can expect demand deficient (cyclical) unemployment to increase significantly.

Unemployment Taxation Overview

Reimbursing Employers and Federal Employees / Service Members



What, Why and When

Non-profit Organizations and Local Governmental Entities Liability

Sections 3304(a)(6)(B) and 3309(a)(2) of the Federal Unemployment Tax Act (FUTA), as enacted by Public Law 91-373 and amended by Public Laws 94-566 and 95-19; Unemployment Insurance Program Letter No. 1212, November 14, 1972.

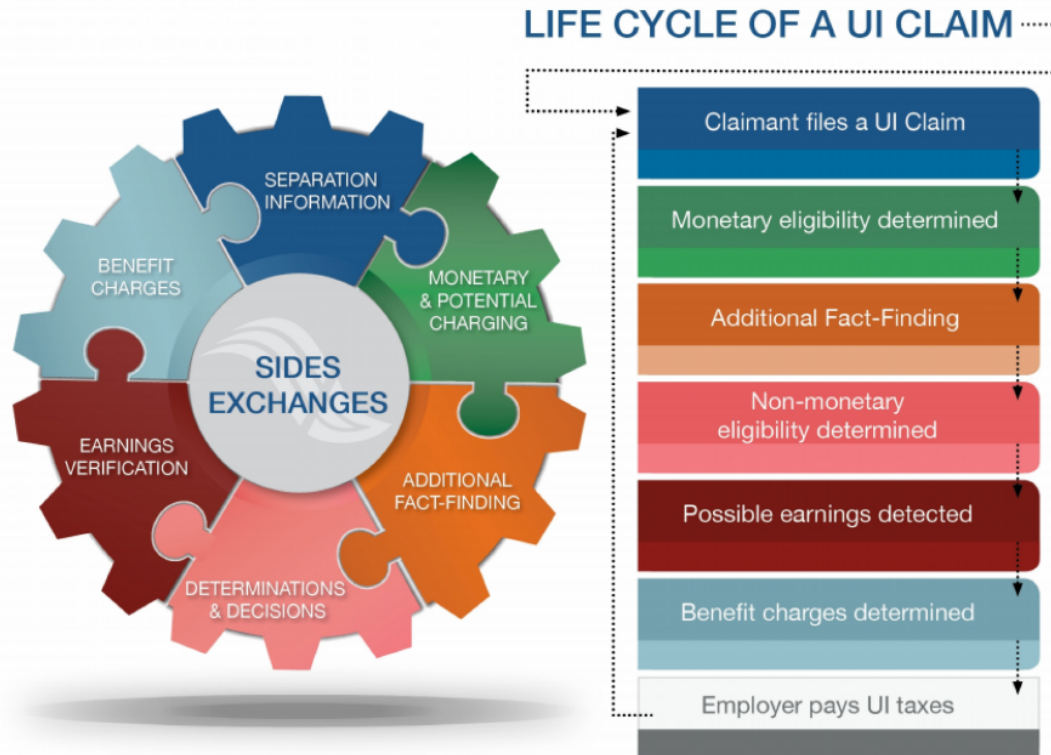
Requires that nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code and all State and local governmental entities must be liable for contributions under State law. However, this section also provides that these entities must be given, under State law, the option of electing to make payments in lieu of contributions (i.e., reimbursements) as the method of financing their liability for unemployment compensation (UC) costs, on the basis set forth in Section 3309(a)(2), FUTA.

Federal Employees Compensation Account - 42 USC §1109

There is hereby established in the Unemployment Trust Fund a Federal Employees Compensation Account which shall be used for the purposes specified in section 8509 of title 5. For the purposes provided for in section 1104(e) of this title, such account shall be maintained as a separate book account.

(Aug. 14, 1935, ch. 531, title IX, §909, as added Pub. L. 96-499, title X, §1023(a), Dec. 5, 1980, 94 Stat. 2657 .)

State Information Data Exchange System



UI Simplified

SIDES stands for the State Information Data Exchange System. It's a software tool that empowers states, employers, Third Party Administrators (TPAs) and Professional Employer Organizations (PEOs) to quickly, accurately, and securely respond to unemployment insurance requests.

SIDES has six components, called exchanges, that make up the full SIDES solution. Each exchange supports a specific step in the life cycle of an unemployment insurance claim.

- Speeds up response time
- Reduces staff time, paperwork and postage costs
- Reduces follow-up time and phone-calls
- Allows attachment of supporting documentation

The Value of SIDES

SIDES is available in two formats: SIDES E-Response for employers with a limited number of unemployment insurance claims, and SIDES Integration for employers, TPAs and PEOs who deal with a large volume of unemployment insurance claims. Both significantly improve the unemployment insurance information exchange process and offer the following benefits:

<https://naswa.org/uicides>

Base Period

Regular Base Period

OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR			
OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN		
	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	
	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC

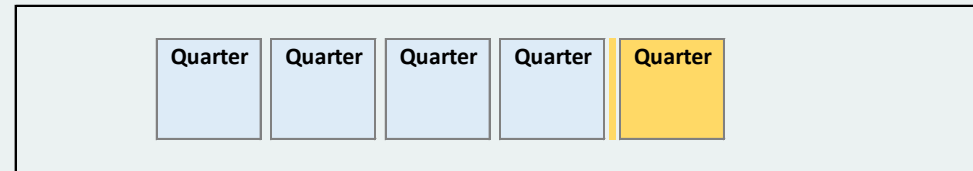
Wages Not Used	Base Period Wages	Claim Filing Quarter
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A base-period is the look-back period during which wages earned and/or hours/weeks worked are examined to determine an individual's monetary entitlement to benefits.

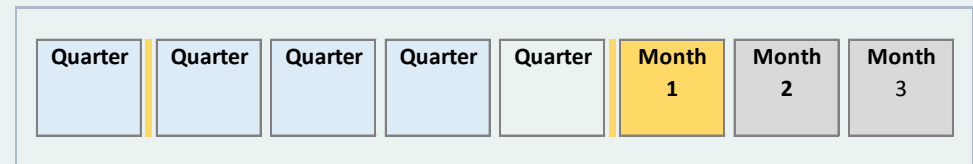
The Regular Base Period is the **first four of the last five completed calendar quarters** preceding the filing of the claim.

Massachusetts and Minnesota, are exceptions and do not use the regular base period

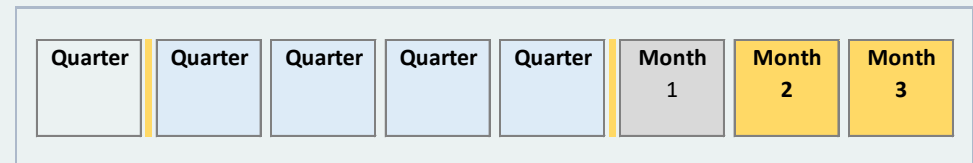
Massachusetts Base Period



Minnesota Base Period 1



Minnesota Base Period 2

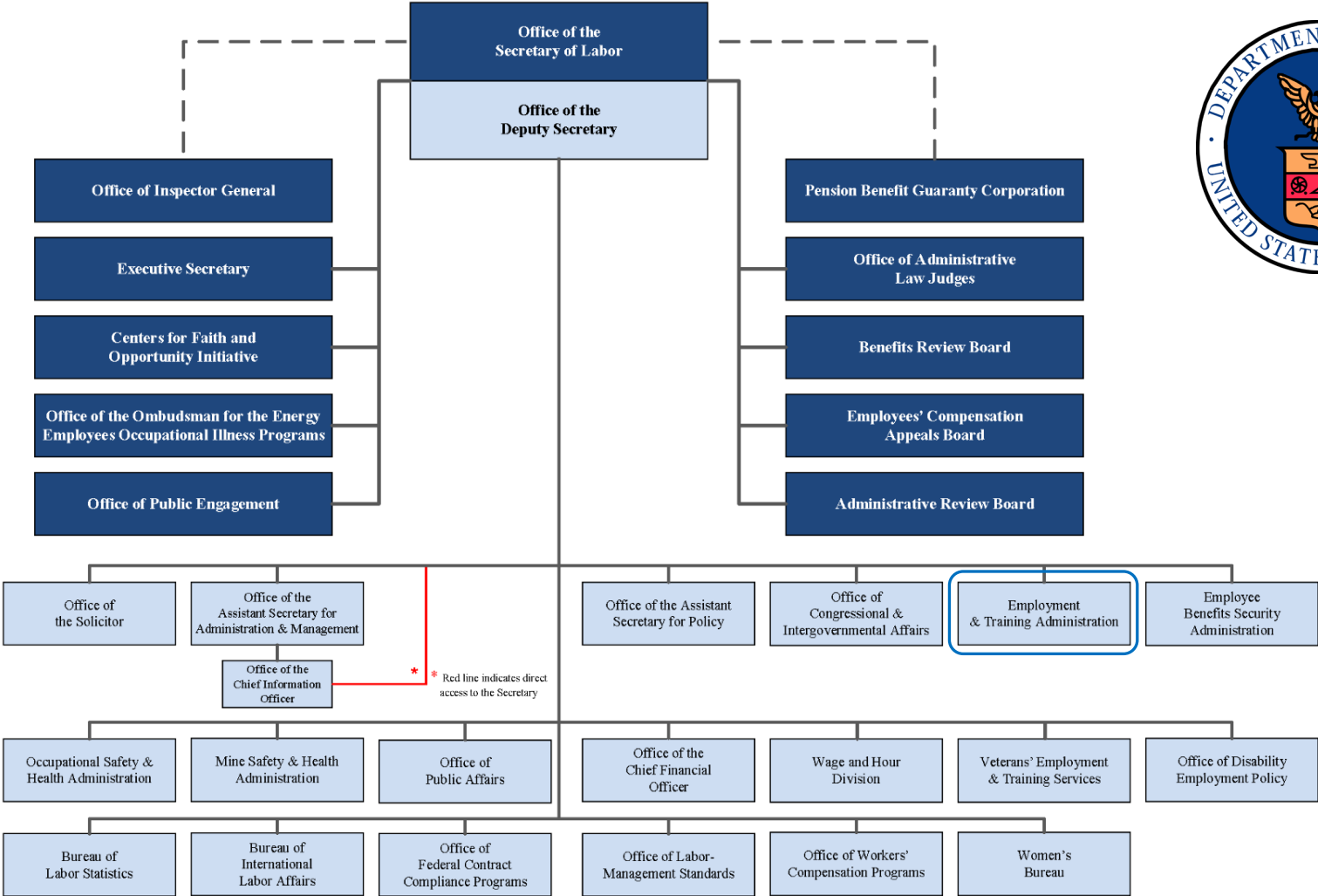


Base Period Wages

Wages Not Used

Claim Filing Period

US Department of Labor Organization Chart



Source: <https://www.dol.gov/general/aboutdol/orgchart>