

Michigan Municipal League

# Municipal Unemployment Group Account



Procedures Manual

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Thank you for being a member of The Michigan Municipal League's Group Unemployment Program. We enjoy working with you and providing your organization with a comprehensive package of unemployment related services. By being in the MML Program, you are part of what is referred to as a Group Reimbursable Account.

***What is a Group Reimbursable Account?***

A group reimbursable account is a system whereby the risk is shared but not pooled.

The Group Reimbursing Account removes some of the immediate risks and uncertainties related to unemployment. It allows a governmental entity to better budget for its unemployment expenditures over time, which cannot be done as a direct reimbursing entity. It also provides the services of the Michigan Municipal League, the expertise of claims management specialists, Equifax Workforce Solutions, and training and education opportunities.

The account is initially funded by an upfront contribution equal to 2% of your total annual taxable payroll for the previous calendar year (for unemployment purposes). Additionally, for the first year, quarterly contributions will be based on a .06% rating factor applied to the first \$9,500 that each employee earns in a calendar year (which is subject to change without notice), and which allows a reserve to be built and drawn upon. A full list of requirements to join the Group Account can be found in section 4.

***Member Services***

Group Members are entitled to the following services:

- Claims processing and filing of all unemployment related paperwork to the Unemployment Insurance Agency (UIA) in Michigan.
- Consultation and representation at unemployment hearings.
- Verification of benefits paid and charged to your employer account.
- Quarterly activity reports that provide information on claims for unemployment benefits.
- Unemployment cost control training for supervisors and managers.

***Unemployment Cost Control Training***

An unemployment cost control workshop is available for our members. This seminar is designed to help educate our members' personnel regarding unemployment cost control policies and procedures. The topics reviewed include the unemployment compensation process, separation issues and concerns, and state employment guidelines.

Additional details and contact information are provided in the following pages.

## Contact Information

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If you have questions regarding general member services or your member account balance, please contact the Michigan Municipal League at:

**Contact Information:** Michigan Municipal League  
P.O. Box 7409  
Ann Arbor, MI 48107  
Phone: (800) MLEAGUE  
Fax: 734-662-6939



**Contact Name:** Shelly Shields  
Director, Finance for RMS  
Phone: 734-669-6319

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If you have any questions about the Michigan Employment Security Act, preparing separation forms, processing claims or other unemployment concerns, please contact Equifax Workforce Solutions at:

**Contact Information:** Equifax Workforce Solutions  
20300 Superior Rd.  
Taylor, MI 48180  
Phone: (800) 510-6160  
Fax: (877) 847-1780



**Contact Names:** Shemila Gardner  
Client Relationship Manager  
O: 800-968-9675 / O: 614-658-3050

Jenise Murray  
Unemployment Insurance Consultant  
Extension: 2533

Marti Bellport  
Administrative Support  
Extension: 2946

When an employee files for unemployment benefits, a notice is sent to Equifax Workforce Solutions as the official mailing address. At this time, an Equifax Workforce Solutions Unemployment Insurance Consultant will call or fax your organization to request separation and special payment (i.e., severance, vacation, pay continuation) information. This request will include a return due date for the information requested. If you receive a notice at your address, call or send the form via fax to the Equifax Workforce Solutions office.

***Basic Separation Information***

When an employee is terminated, you should record the following information and retain it in the employee's files.

1. Employee's first and last day of work, including the date removed from payroll. (Last day worked is the last day the employee was physically present at work.)
2. Employee's social security number.
3. Separation reason, described in detail, along with pertinent documentation.
4. All payments of vacation, holiday, retirement, severance, pay continuation or wages in lieu of notice should be documented.

***Determining Due Dates***

Each unemployment claim, determination and decision has a due date by which a response or appeal must be returned to the Unemployment Insurance Agency (UIA). Time limits must be observed or your organization could lose your rights to contest payments or appeal decisions.

***Appeal Procedures***

If Equifax Workforce Solutions receives an adverse determination or re-determination your organization will be contacted to discuss if the determination will be appealed to an unemployment hearing. As with a claim, if your organization receives a determination, please fax it immediately to the Equifax Workforce Solutions office.

***Claims Processing***

Equifax Workforce Solutions will process all monetary determinations, re-determinations and requests for information from the UIA. They will also appeal any claims that you wish to protest to an unemployment hearing or the Michigan Compensation Appellate Commission.

## ***Unemployment Hearings***

If your organization ever needs to participate in an unemployment hearing, Equifax Workforce Solutions will review the case with the individuals involved and prepare them for the hearing. A hearing representative will be assigned to the case who will represent your organization at the hearing.

Employer representatives with first hand knowledge of the events resulting in termination will need to testify. It is important that complete and accurate information be presented at the hearing, including relevant documentation. In the event the former employee has other claims pending (e.g., EEOC, wrongful discharge, etc.) or you anticipate that other claims may be brought, you should alert Equifax Workforce Solutions immediately.

## ***Verification of Benefits***

When a claimant has been awarded unemployment compensation benefits, Equifax Workforce Solutions will monitor the charges to verify the amounts, duration and that the employer(s) involved are properly charged. Any invalid or improper charges that Equifax Workforce Solutions finds are protested.

The base period is also calculated to determine if a member is liable for the claim and the member's portion of charges are verified.

## **Claims Activity Reports** (Samples of these reports can be found in Section 6.)

All of our members receive a series of reports on a quarterly basis to show the unemployment activity for their organization. These reports include the following:

- **Unemployment Activity Analysis** – Provides a summary on the number of claims filed and protested for your organization. The top half of this report summarizes the number of claims received and protested with pending decisions and appeals on a quarterly basis. The bottom half of the report summarizes the separation reasons broken down by liability. It also includes the number of claims that were appealed to a hearing or the Michigan Compensation Appellate Commission.
- **Status of Unemployment Claims** – Provides the names of individuals who have filed claims for unemployment benefits, in addition to listing benefit charges. This report provides a more detailed analysis of unemployment claim activity on a quarterly basis. It includes the name of the claimant, a partial social security number, date of the claim and whether or not benefit charges were incurred.
- **Summary of Unemployment Charge Errors** – Provides information on benefit charges protested and whether or not credit was received from the state. This report summarizes any incorrect charge amounts, incorrect charge periods and/or protested issues where a refund or credit has been received or is due from the state. It will include the name of the claimant, a partial social security number and the total amount of credit received.

### ***Terminating the Working Relationship***

Occasionally, despite all efforts to properly hire, train and counsel employees, separations will occur. The terminology used in separating and reporting employee separations is, perhaps, the single most critical element involved in your unemployment cost control program. Regardless of the actual employment record, if the proper language is not used when terminating an employee, you decrease your chances of receiving favorable decisions and can be faced with the possibility of a lengthy, costly unemployment claim process.

You should avoid general statements such as the following when an employee has been terminated for misconduct.

- Unsatisfactory performance
- Inability to perform job duties
- Poor employee
- Poor judgment
- Not a good fit

(See *Involuntary Terminations Initiated by Employer* (p. 6), #3 (pp. 7-8) and *definition of "misconduct"* (pp. 15-16).)

Reasons for termination should be supported by well-documented personnel records.

### **Voluntary Terminations – Initiated by Employee**

When an employee leaves an organization voluntarily, he/she is considered to have quit. An employee who voluntarily quits must show **good cause attributable to the employer** to qualify for unemployment compensation. (See #2, p. 7 and "What is Good Cause Attributable to the Employer?" (p. 15)).

An exit interview, preferably conducted by someone other than the immediate supervisor, is recommended for an employee who has voluntarily quit. Discussing the termination with him/her and preparing a statement of the facts formulates a permanent record for future use. Such a statement should be read and signed by the employee if possible. It is also advisable to have a witness present. Listed below are some reasons why employees may quit:

- To seek other employment
- To accept other employment
- Job dissatisfaction
- To relocate
- Illness
- Personal reasons
- Family obligations
- To attend school



### Involuntary Terminations – Initiated by Employer

1. When the employer is the moving party in a separation, it is considered to be involuntary. **With layoffs or job eliminations, employees are considered to have been separated through no fault of their own.** This automatically makes them eligible for unemployment benefits, presuming they have qualifying wages and are able, available and actively seeking work. Listed below are some examples of a lack of work.
  - Reduction in hours and/or pay
  - Job/position eliminated
  - Facilities temporarily or permanently closed
  - Temporary or seasonal job completed
  - Part-time hours
  
2. **To render the employee ineligible for unemployment benefits, an employee must be discharged for misconduct connected with work.** (Refer to “What is Misconduct?” Under Section 4). Depending on the degree of misconduct, this could be the result of multiple violations of an organization policy, a single violation of multiple policies, or a one-time incident. The documentation in the personnel file will be the basis for the case should the employee file for unemployment compensation. The following are some examples of different degrees of misconduct:
  - Violating a dress code policy, smoking in an unauthorized location and an unexcused absence are examples of misconduct that likely would not be considered to be misconduct if termination occurred after only a single incident and the employee had no other rule violations.
  
  - Unauthorized possession of an employer’s property, being under the influence of a controlled substance and embezzling money are examples of violations that likely would be considered to be misconduct even if the employee had no other rule violations.

### **Controlling Unemployment Costs**

One obvious, but sometimes overlooked, way to control unemployment costs is to minimize employee turnover. The **inability to perform given job duties will not ordinarily disqualify a terminated employee** from receiving unemployment benefits.

In this regard, the control of unemployment compensation costs begins prior to a new employee being hired. Hiring well qualified employees is one way of reducing turnover and consequently, unemployment costs. It is important to check past education and work references to verify a potential employee’s alleged work abilities.

Once a new employee has been hired, either an employee handbook or a list of organization rules and regulations should be given to him/her. Included should be a “tear-out” signature page, which can be placed in the employee’s personnel file after he/she has signed it acknowledging his/her receipt and understanding of organization policies.

This procedure can help control unemployment costs in one of two ways. First, by putting employees on notice of what is expected of them, and what conduct may result in termination, there may be fewer instances of misconduct. Second, if an employee does engage in misconduct, for an employer to successfully challenge a claim for benefits, the employer generally needs to establish that the employee violated an employer rule and the employee was aware of the rule.

Providing frequent encouragement, advice and counseling are other ways to reduce employee turnover. Periodic reviews, especially during the first year of employment, will let employees know you're interested in his/her job success and also help them meet organization standards.

If it is necessary to terminate an employee, an employer's chances of successfully challenging a claim for unemployment compensation are improved when an employee who has violated organization policies or failed to meet organization standards, has been warned. Both verbal and written warnings should be documented. Written warnings, as well as performance reviews, should be signed by the employee if possible and kept in his/her personnel file. Proper documentation is a vital part of controlling unemployment costs. The importance of documentation is realized when a terminated employee applies for unemployment benefits. In the case of a protested claim, the burden of proof will fall on the organization. When this occurs, proper documentation can support you and your position.

If you have an established probationary or orientation period, evaluate the employee throughout; do not wait until the end of the period to review the individual. Take appropriate action at the time of any incident.

The Equifax Workforce Solutions staff is available to consult with you during any period of an individual's employment. They can also provide information as to the potential unemployment cost impact to your organization in advance of action being taken by you.

### ***Important Issues for Controlling Unemployment Costs***

1. Don't assume because an employee quits or is discharged, they won't collect unemployment benefits. Employees who quit with good cause attributable to actions of the employer, and employees terminated for reasons other than misconduct are entitled to benefits.
2. Do conduct exit interviews for employees who voluntarily quit. Where applicable, the information obtained can be used to show that the employee quit without good cause attributable to the employer if he or she files for unemployment benefits.
3. Don't use the terminology "poor performance" or "unsatisfactory performance" if it can be avoided when terminating an employee if the employee, in fact, engaged in misconduct. For example, unsatisfactory performance would accurately describe an employee who is terminated because he/she is unable to complete assignments on time. On the other hand, if the failure to complete assignments timely is due to an employee's refusal to perform an assignment, insubordination would be a more

appropriate reason for termination. Likewise, an employee who is unable to timely complete assignments because he/she spends an extensive amount of time making personal calls, citing a rule violation as the reason for performance would be appropriate.

4. Do insist that "leaves of absence" be requested in writing, so there's no misunderstanding between you and the employee as to the date and time period agreed too.
5. Don't let a claim form sit on your desk. Fax it to Equifax Workforce Solutions immediately.
6. Do contact Equifax Workforce Solutions at 800-510-6160 for help if you have a question regarding unemployment.
7. Consider making rehire offers to your desirable former employees, especially those who are collecting unemployment benefits.
8. Do notify Equifax Workforce Solutions immediately if a former employee refuses a rehire offer.
9. Don't believe that if you ask someone to resign and they do so that it is a voluntary quit. It is not...it is a discharge and should be reported to Equifax Workforce Solutions accordingly.
10. Do try to get resignations in writing, including the reason.
11. Don't underestimate the importance of an appeal hearing when appropriate. If your case isn't presented at the unemployment hearing, you can almost be assured of losing.
12. Don't forget to document. Documentation should be done, not only at the time of the separation, but after each incident of misconduct, because the knowledgeable supervisor may be unavailable or details may have been forgotten by the time the information is required. Signed documentation also prevents "the story" from changing at a later date.

***What are the requirements to join the Michigan Municipal League Group Unemployment Account?*****MML Requirements:**

- League membership is required to participate in the Unemployment Group Account. If your organization is not currently a Full or Associate member of the Michigan Municipal League, it will be required to join as a Limited Associate member.
- Once League membership is confirmed, a signed MML Unemployment Group Account Membership Agreement must be submitted.
- An initial funding for your account, equal to 2% of the previous year's total taxable payroll (for unemployment purposes), must be received within a timely manner, usually with receipt of the signed membership agreement.

**State of Michigan Requirements:**

- Submit a Power of Attorney letter from your organization authorizing Equifax Workforce Solutions to be its unemployment representative.
- Submit a request for a change to the Group Account.
- Complete the Michigan Business Tax Form 518.
- Agree to a commitment to remain in the group for a minimum of two years.

NOTE: Your organization must pay the State of Michigan any outstanding balance on its current employer account before they may join the Group Account.

***Which Employees are Covered?***

All members must be aware of the employees that are covered under unemployment insurance in order to calculate the total wages or taxable wages.

All employees are covered unless specifically exempt. Employment is defined by law as any service performed for wages or under any contract of hire, written or oral. Only if an individual is free from control or direction over the performance of such services, both under contract and in fact, would the person be considered an "independent contractor."

The most convenient method of enumerating covered employees is to say that all employees are covered except:

1. An elected official, or a member of a legislative body, or a member of the judiciary;
2. An employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood or similar emergency (including volunteer firefighters and EMS);

3. An employee who serves as a school crossing guard. That individual is denied benefits only between two successive academic years or terms, if that individual performs the services of a school crossing guard in the first of the academic years or terms and has a reasonable assurance that he/she will perform those services in the second of the academic years or terms.
4. For those in a nontenured policy-making or advisory position, the performance of the duties of which ordinarily does not require more than eight (8) hours per week;
5. Service performed as part of an unemployment work-relief or work-training program assisted or financed in whole or part by any federal agency or any agency of a state or political subdivision.
6. Service performed by a individual less than 22 years of age who is enrolled at an educational institution which normally has a regularly organized body of students in attendance, as a student in a full-time program, taken for credit, which combines academic instruction with work experience. This service is, however, covered employment if the program is established for an employer or group of employers.

Again, the above mentioned groups are employees whose wages should not be included in the calculation of total wages or taxable wages. The wages or salaries of all other employees should be included in total wages or taxable wages.

### ***How Do You Calculate Gross Wages, Excess Wages, and Taxable Wages?***

#### **Gross Wages**

Gross wages are the total wages earned for a specified quarter for all covered employees. The amount of gross wages must match the total wages reported on UIA Form 1028 (Employer's Quarterly Wage/Tax Report).

#### **Excess Wages**

Excess wages are any wages that were paid to an employee during a specified quarter that were in excess of the first \$9,000 earned during the calendar year. This amount must be less than reported gross wages. Please note that the first \$9,000 reported as gross wages is considered taxable. To calculate taxable wages, see the examples below.

Example 1: John Smith earns \$40,000 a year (or \$10,000 every quarter)

<b>J. Smith</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Totals</b>
<b>Gross Wages</b>	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
<b>Excess Wages</b>	*-1,000	-10,000	-10,000	-10,000	-31,000
<b>Taxable Wages</b>	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 9,000

\*Qtr 1 Gross Wages – 9,000 = 1,000 in excess wages

Example 2: Joan Davis earns \$20,000 a year (or \$5,000 every quarter)

<b>J. Davis</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Totals</b>
<b>Gross Wages</b>	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$20,000
<b>Excess Wages</b>	0	*1,000	-5,000	-5,000	-11,000
<b>Taxable Wages</b>	\$ 5,000	\$ 4,000	\$ 0	\$ 0	\$ 9,000

\*(Qtr 1 Gross Wages + Qtr 2 Gross Wages) – 9,000 = 1,000 in excess wages

Note: Gross wages for quarters 1 and 2 need to be added together as \$9,000 was not earned in full in the first quarter.

#### **Taxable Wages**

Taxable wages are the difference between gross wages and excess wages for a specified quarter.

### ***What is a Merit Rate and How is it Calculated?***

The merit rate is designed to ensure that your account is properly funded based on projected benefit charges.

Each member organization is assigned a merit rate on an annual basis, which is based on a five-year average of your taxable payroll for unemployment purposes and benefit charges. At the time rates are calculated, current and future account balances are considered along with a projection of your anticipated benefit charges for the following year.

Merit rates vary from a minimum of .06% to a maximum of 10%, which are inclusive of an administrative fee of .06%. This administrative fee is calculated on your annual taxable payroll for unemployment purposes and is deducted from each member's account every June 30<sup>th</sup>.

At the conclusion of the merit rate calculation process, all members are assigned a merit rate for the upcoming year. Each December, members will receive a Merit Rate Notice that indicates both the new merit rate as well as any applicable negative balance. Negative balance situations arise when a member's balance is in a deficit position as a result of claim payments exceeding your account balance. Please note, negative balance payments for the prior year are due in full with the first quarter contribution payment (by April 25<sup>th</sup> of the following year).

### ***How Does a Person Establish a Claim for Unemployment Benefits?***

To receive benefits, a former employee (claimant) must meet both non-monetary and monetary requirements.

- A. To qualify for non-monetary requirements, a claimant must:
  - be separated from work in a covered service for a liable employer
  - file a claim on time
  - file a resume with the Michigan Talent Bank
  - register to work at a *Michigan Works!* agency service center
  - be able, available and actively seeking work (unless waived)
- B. To qualify for monetary eligibility, a claimant must have earned:
  - wages in at least 2 quarters
  - wages in the "high quarter" of at least \$3,298.
  - wages in the entire base period of at least 1.5 times the wages in the "high quarter"

Both non-monetary and monetary requirements must be met to establish a claim. The "high quarter" is the calendar quarter in the Base Period in which the claimant's wages are the highest dollar amount.

The “Base Period” of the claim is usually the first four of the last five completed calendar quarters. However, if a worker lacks enough wages in that Base Period to qualify for a claim, the UIA will consider an Alternate Base Period, which is the most recently completed four calendar quarters.

1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	5 <sup>th</sup> quarter	6 <sup>th</sup> quarter
\$\$\$\$\$\$ \$	\$\$\$\$\$\$ \$	\$\$\$\$\$\$ \$	\$\$\$\$\$\$ \$	Lag	Filing

**Base Period**

A claimant may use wages from more than one employer to establish a claim. Employers are charged proportionally. If there are multiple employers, each employer will be charged its proportion of wages paid in the base period. A claimant may be working part time hours and still be eligible for partial unemployment benefits, as long as the claimant is making less than 1 1/2 times his/her weekly benefit amount.

***How Do You Calculate How Much a Person Will Be Paid?***

Minimum weekly benefit	\$ 135
Maximum weekly benefit	\$ 362
Maximum claim is	\$7,240

The UIA will find the calendar quarter in the claimant’s Base Period in which the claimant had the highest wages. That quarter is known as the high quarter. The UIA then multiplies the high quarter wages by 4.1% (.041) to determine the claimant’s Weekly Benefit Amount (rounded down to the nearest dollar). In addition, \$6 per dependent is added, up to five dependents and the total benefit amount cannot exceed \$362 per week.

Please note that the minimum and maximum weekly benefit amounts are subject to change based on state or federal legislation.

***How Many Weeks Can A Person Draw?***

To determine the number of weeks of benefits that could be paid on a claim, the UIA multiplies 43% (.43) times the total Base Period wages and then divides by the claimant’s weekly benefit amount. The amount is rounded down to the nearest half week. The minimum number of weeks is 14 and the maximum is 20.

Please note that the minimum and maximum number of weeks that can be paid on a claim are subject to change based on state or federal legislation.

Example: Claimant had \$5,000 Base Period wages and \$205 Weekly Benefit Amount  
 Calculation:  $\$5,000 \times .43 = \$2,150 / \$205 = 10.4$  round down to 10 weeks of benefits

Once a claim is established, so is the benefit year, i.e. the time period during which the benefits are to be paid. The benefit year is the 52 weeks immediately following the date the claim was established. A claimant may collect benefits at any time during this benefit year, not to exceed 20 weeks of benefits and providing they meet all of the eligibility requirements.

***What Is Underemployment?***

An employee can file a claim for unemployment benefits if the hours worked in a subsequent week are less than the hours worked in a previous week. For example, a part-time employee who works 20 hours a week, but is typically scheduled to work 30 hours a week can file a claim for unemployment benefits. However, he/she is required to report any earnings for that week, which will reduce his/her benefit amount.

***Does a Person Qualify for Benefits While on a Leave of Absence?***

Should a person request a leave of absence from work for medical, personal or maternity reasons, that person is not eligible for unemployment benefits, because he/she is not able, available and actively seeking work.

***How Do Weekly Earnings Affect Unemployment Benefits?***

If a claimant works less than full-time, benefits are reduced as follows (WBA = Weekly Benefit Amount):

- A. If earnings equal or exceed 1.5 times the WBA, no unemployment benefits are paid.
- B. If earnings are less than 1.5 times the WBA, but greater than the WBA, total earnings are subtracted from 1.5 times the WBA. Claimant receives remainder plus earnings.
- C. If earnings are equal to or less than the WBA, 0.5 times the earnings are subtracted from the WBA. Claimant receives remainder plus earnings.

If the claimant chooses to draw a minimum of \$1 for a week, the weeks of benefit entitlement will be reduced by a week.

Examples:

WBA = \$360	Claimant receives \$0 WBA because earnings equal or exceed 1.5 WBA. Claimant receives \$600 earnings only.
1.5 x WBA = \$540	
Earnings = \$600	
WBA = \$360	Claimant receives \$120 WBA because earnings exceed WBA but are less than 1.5 x WBA. \$540 – \$420 = \$120
1.5 x WBA = \$540	
Earnings = \$420	
WBA = \$360	Claimant receives \$310 WBA because the earnings equal or are less than the WBA. \$360 - \$50 = \$310
0.5 x Earnings = \$50	
Earnings = \$100	



### ***How Does Severance Pay Affect Unemployment Benefits?***

Jobless benefits are offset by severance pay the worker receives or that is allocated by the employer. 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.

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, 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. It is suggested, therefore, that if you provide an employee with a lump sum severance payment in excess of one week's pay, that the employee be advised that the payment is being allocated over the number of weeks of pay the employee is receiving.

### ***How Do Retirement Benefits Affect Unemployment Payments?***

If retirement benefits are from the base period employer and:

<b>Claimant's contribution to retirement is:</b>	<b>Reduction to Unemployment Insurance benefits are:</b>
None	100% reduction
Less than 50%	50% reduction
More than 50%	None

### ***What Is Allocating Vacation Pay?***

Unless addressed in a collective bargaining agreement, an employer has the right to designate when employees will take their vacation. Since vacation pay is remuneration, weeks of vacation are not weeks of unemployment. To make an effective allocation, **the employer must provide written notice to each employee** on or before his/her last day of work or if there is a union bargaining representative with a posting to the employees. Further, the notice must indicate both the designation and that such designation may render the employees ineligible for unemployment benefits during the designated period.

### ***How Does a Disabled Claimant Preserve His/Her Credit Weeks?***

A claimant must contact the Unemployment Insurance Agency (UIA) within 90 days after the start of a period of disability or within 90 days of being advised of his/her rights by the UIA or if the individual has been unable to submit the written request due to medical reasons, within 90 days after the end of that medical inability.

The written notice should contain:

1. The expected duration of the injury, illness or hospitalization. Claimants who preserve their credit weeks may then file a claim when they are no longer disabled and their last employer would potentially be liable, if they do not have suitable work available for the claimant.
2. The nature of the injury, illness or hospitalization.
3. That based upon examination by a physician, the individual is not able and available to perform full-time work.

### ***What Is Good Cause Attributable to the Employer?***

Good cause attributable to the employer includes reasons that would cause the average reasonable person to leave his or her job, but does not include personal reasons such as babysitting problems. Good cause attributable to the employer typically includes items such as safety hazards, duties that are not customary, a hostile work environment, different work hours or a change in locations.

### ***What Is a Suitable Offer of Work?***

An individual may be disqualified from receiving benefits for a number of reasons related to the issue of suitable work. An employee will be disqualified if he or she:

- Failed without good cause to apply for available suitable work after receiving from the employment office or the commission notice of the availability of that work.
- Failed without good cause while unemployed to report to the individual's former employer or employing unit within a reasonable time after that employer or employing unit provided notice of the availability of an interview concerning available suitable work with the former employer or employing unit.
- Failed without good cause to accept suitable work offered to the individual or to return to the individual's customary self-employment, if any, when directed by the employment office or the commission.

Details considered in determining whether work is suitable are degrees of risk involved to the individual's health, safety and morals, the individual's experience and prior earnings, the length of employment and prospects for securing work in the individual's customary occupation and the distance of the available work from the individual's residence. These are some of the factors that will be used to determine if a current job offer is suitable, as compared to an individual's prior position.

From a compensation perspective, an offer of work will usually be considered suitable if the gross pay is at least 70% of what the claimant earned immediately before becoming unemployed. After a claimant has exhausted 50% of his or her benefit weeks any job that pays at least 120% of his or her weekly benefit amount will be considered suitable.

### ***What Is Misconduct?***

As defined for the Unemployment Insurance Agency purposes:

**“Misconduct** in an unemployment compensation case is . . . conduct evincing such willful or wanton disregard of an employer’s interests as is found in deliberate violations or disregard of standards of behavior which the employer has the right to expect of his employee, or in carelessness or negligence of such degree or recurrence as to manifest equal culpability, wrongful intent or evil design, or to show an intentional and substantial disregard of the employer’s interests or of the employee’s duties and obligations to his employer. On the other hand, mere inefficiency, unsatisfactory conduct, failure in good performance as the result of inability or incapacity, inadvertencies or ordinary negligence in isolated instances, or good-faith errors in judgment or discretion are not to be deemed “misconduct” within the meaning of the (unemployment compensation) statute.” (Carter v Employment Security Agency, 364 Mich 538, 541) (1961)

### ***Examples:***

1. Unauthorized possession of employer’s property.
2. Insubordination, refusal to obey instructions of supervisor and warned his/her job is in jeopardy.
3. Use, possession or being under the influence of a controlled substance on the employer’s premises or for refusing to submit to a drug test or for testing positive.
4. Malicious damage to employer’s property.
5. Fighting or assault. (provide witness statements)
6. Rudeness to customers (may require prior warnings and witness statements).
7. Violation of rules (cite the rule, which the employee must have known existed).
8. Excessive unexcused absences (warnings, have dates, time and reasons available; note whether claimant also failed to report his final absence).
9. Excessive lateness (warnings, have dates, time and reasons available).
10. Falsification of records (provide copy of records).
11. Willful failure to perform in a manner of which he/she was capable.
12. Violation of conditions of employment (specify).

Please refer to Section 6 for a sample of all of the reports/forms listed below.

**1. Merit Rate Notices and Negative Balance Payments**

A verification and computation of each member's unemployment merit rate is performed on an annual basis. Rate notices are mailed to participants each December for the following calendar year.

If your account has a negative balance at the time that merit rates are calculated, the amount of the negative balance will be reflected on your annual merit rate notice. Negative balance situations arise when a member's balance is in a deficit position as a result of claim payments exceeding your account balance. **Please note, negative balance payments for the prior year are due in full with the first quarter contribution payment (by April 25<sup>th</sup> of the following year).**

**2. Quarterly Contribution Report**

This report is required on a quarterly basis from each member. This report must be completed and postmarked on or before the 25<sup>th</sup> day of the month following the end of the quarter. **This report must be submitted even if no wages were paid during the quarter and/or no payment is forwarded.** Members who submit the report and payment after the applicable due date are subject to a 1.5% late penalty, which is assessed to the contribution amount that is owed each month that the payment remains delinquent.

A blank copy of this report is sent to each member prior to the end of each quarter. At each quarter-end, the completed report and payment should be sent to the Michigan Municipal League.

**3. Employer's Quarterly Wage/Tax Report – Form UIA 1028**

This report is required by the Unemployment Insurance Agency (UIA) on a quarterly basis and must be received by the 25<sup>th</sup> day of the month following the end of the calendar quarter. Required information includes gross income and excess wages paid for the quarter, a listing of each applicable employee and their gross wages paid during the quarter, and the number of employees who worked or received pay during the quarter. Failure to submit this report to the State will result in a UIA penalty of up to \$60 if not received within 30 days of the due date with an additional \$250 penalty for each subsequent quarter it is not received. These fees will be deducted from your member account upon notification from the State of Michigan.

Employers are required to file this report on-line through the Michigan Web Account Manager. Visit [www.michigan.gov/uia](http://www.michigan.gov/uia) for more information on this form.

**4. Amended Quarterly Contribution Report**

This report is to be used to correct wages previously reported in error. File a separate report for each quarter being adjusted. If you underpaid, please submit the additional amount due. If you overpaid, a refund will be sent to you.

A blank copy of this report is provided upon request from Equifax Workforce Solutions or the Michigan Municipal League.

### ***5. Employee Separation Questionnaire***

When Equifax Workforce Solutions receives a Monetary Determination form that someone has filed a claim for unemployment benefits, they will send you a questionnaire depending on the separation reason indicated. These forms need to be completed and returned to Equifax Workforce Solutions by the date indicated with any supporting documentation.

### ***6. Notice to Employees Posting - Form UIA 1710***

This form is required by Michigan law to be displayed by all employers in the state. It provides employees with information on how to file a claim for unemployment benefits. Form UC 1710 is available at the following web site: [www.michigan.gov/uia](http://www.michigan.gov/uia)

### ***7. Unemployment Compensation Notice to Employees - Form UIA 1711***

Employers must provide each worker at the time of separation from employment with a copy of Form UC 1711 (Unemployment Compensation Notice to Employee) or an equivalent written statement that provides the employer's name and unemployment agency account number and the address of the employer to which any request for wage or separation information or both will be directed. Your unemployment agency account number is indicated on your quarterly contribution report. Form UC 1711 is available at the following web site: [www.michigan.gov/uia](http://www.michigan.gov/uia)

The following pages contain samples of the following forms and reports:

**Forms:**

1. Merit Rate Notice
2. Quarterly Contribution Report
3. Employer Quarterly Wage/Tax Report – Form UIA 1028
4. Amended Quarterly Contribution Report
5. Employee Separation Questionnaire
6. Notice to Employees Posting – Form UIA 1710
7. Unemployment Compensation Notice to Employees – Form UIA 1711

**Reports:**

1. Unemployment Activity Analysis
2. Status of Unemployment Claims
3. Summary of Unemployment Charge Errors