

Unemployment Compensation Overview

Presented by Harriett Craig,

Assistant Unemployment Compensation Administrator, Benefits Operations





What's the Purpose?

The primary purpose of the unemployment compensation program is to timely pay weekly benefits to eligible individuals who are partially or totally unemployed through no fault of their own.

- Eligibility of benefits is determined by law.
- Unemployment should be liberally construed in favor of the unemployed worker.
- Unemployment is not a need-based program.

The History of Unemployment

In 1935, the Congress of the United States passed the Social Security act, which provided for a nationwide plan authorizing states to pay unemployment compensation benefits, an insurance against involuntary unemployment. Alabama passed an unemployment compensation law in 1935, and the first claim was filed in January 1938.



The History of Unemployment

The Social Security Act enabled states to pay unemployment compensation by levying an unemployment tax on all employers in the nation covered by the act.

There are 3 main components of the law:

1. Taxes are collected from the employers who are covered by the law (Although many people believe UI taxes come out of their checks, that is not true). Since 1985 employers have been paying UI taxes.
2. A trust fund is established for the taxes collected.
3. A Claimant's eligibility is determined for the payment of benefits.

The taxes paid by covered employers are sent to the Department of Labor at the end of each quarter and held in a trust fund until they are used to pay benefits. Trust fund money only pays UC benefits.



Federal Law

Federal law defines certain requirements for the program. The Social Security Administration and the Federal Unemployment Tax Act (FUTA) set forth broad coverage provisions, some benefit provisions, federal tax base/rate and administrative requirements. The major functions of the federal government are to:

- ensure conformity and substantial compliance of state law, regulations, rules and operations with federal law;
- determine administrative fund requirements and provide money to states for proper and efficient administration;
- Set broad overall policy for administration of the program, monitor state performance, and provide technical assistance as necessary; and
- hold and invest all money in the unemployment trust fund until drawn down by states for the payment of compensation.



State Law

Each state designs its own UC program within the framework of the federal requirements. The state statute sets forth the benefit structure (e.g., eligibility/disqualification provisions, benefit amount) and the state tax structure (e.g., state taxable wage base and tax rates). The primary functions of the state are to:

- determine operation methods and directly administer the program;
- take claims from individuals, determine eligibility, and insure timely payment of benefits to workers, and
- determine employer liability and assess and collect contributions.



Benefits

Originally, most states paid benefits for a maximum duration of 13 to 16 weeks. Most states currently pay 26 weeks, although Alabama changed from 26 to 14 weeks (with an additional 5 weeks for state approved training programs) effective January 2020. Alabama utilizes a sliding scale where the number of weeks increase by one for every .5% the unemployment rate rises above 6.5% up to 20 weeks; for a possible total of 25 weeks of benefits. Third quarter rate is used to calculate duration.

The calculation for the weekly benefit amount (WBA) in Alabama is the average of the two highest base period quarters, with \$45.00 minimum and \$275.00 maximum WBA.

Benefits can be made via direct deposit to a checking or savings account, or a state issued debit card.

- Direct deposit is recommended as it is a much faster form of payment
- Some pre-paid cards are accepted as a form of direct deposit if the claimant has the following information for the card:
 - Routing number
 - Account number
 - Type of account (checking or savings)



Base Period

With only a few exceptions, unemployment claims are effective the Sunday during the week in which they are filed. The base period of a new claim is the first four of the last five completed quarters prior to the claim date.

Wages earned in the most recent completed quarter and the current quarter are not used to determine monetary eligibility.

← Base Period →				Claim Date In	
OCT NOV DEC	JAN FEB MAR	APR MAY JUN	JUL AUG SEP	(Lag Qtr)	JANUARY FEBRUARY MARCH
JAN FEB MAR	APR MAY JUN	JUL AUG SEP	OCT NOV DEC	(Lag Qtr)	APRIL MAY JUNE
APR MAY JUN	JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	(Lag Qtr)	JULY AUGUST SEPTEMBER
JUL AUG SEP	OCT NOV DEC	JAN FEB MAR	APR MAY JUN	(Lag Qtr)	OCTOBER NOVEMBER DECEMBER

Monetary Eligibility

In order to be MONETARILY eligible, a claimant must meet the following earnings requirements:

- Have earnings in at least 2 quarters of the base period, and
- Earnings which average at least \$1157.01 or more in the 2 highest quarters of the base period, and
- The earnings in the 3 SMALLEST quarters ADDED TOGETHER must be at least half (or more) of the earnings in the highest quarter.



Who Can File a Claim?

Anyone!

No one will be denied the right to file an unemployment claim. While not everyone will be eligible, we can not prohibit anyone from attempting to obtain benefits. If a claim is denied, the individual will receive written notification explaining the reason for the denial and issuing an explanation of appeal rights

How Can Someone File?

- If the claimant is on a temporary layoff and the employer wishes to file a claim on their behalf, the employer can contact our agency's partial unit or visit the partial website.
- The individual can call the claims line at **1-866-234-5382** to file with a representative
- The individual can file via the internet at **www.labor.Alabama.gov**

Once these claims are filed, they are processed in the unemployment system. Claims are exported overnight, generating a monetary determination to the claimant which will be good for the claim life (one year). The monetary determination will be mailed the next business day following a claim being filed.

Eligibility For Benefits

- In order to qualify for benefits, an unemployed worker must meet the following prerequisites:
 - Claimant must have prior employment with a covered employer.
 - Must have received wages during at least two quarters of the base period provided by law.
 - Claimant must have filed a claim for benefits in accordance with the rules prescribed.
 - Claimant must be physically able to work and available for work.
 - Claimant must be actively seeking work and have registered for work with an Employment Service office.

Disqualification For Benefits

An otherwise eligible claimant may be disqualified from receiving all or part of unemployment insurance benefits if the individual:

- Voluntarily quit the last job without good cause connected with the work
- Is unemployed directly due to a labor dispute in active progress at the place of employment
- Was discharged from work for acts of misconduct committed in connection with the work, actual or threatened misconduct connected with the work after previous warning, or for dishonest or criminal act, sabotage or an act endangering the safety of others committed in connection with the work

Disqualification For Benefits

- Is an employee of an educational institution during a paid vacation or holiday recess or between two successive academic years or between two regular terms, whether successive, or during a period of sabbatical leave if claimant has a contract or reasonable assurance to return to work after such period.
- Is receiving company pension (employer must have contributed 100%), retirement pay, social security disability, or some other similar payments based on previous work.
- Is receiving Workers' Compensation for a temporary disability or receiving Workers' Compensation for a permanent disability if the amount of compensation for such permanent disability exceeds the amount of weekly unemployment benefits.

Disqualification For Benefits

- Is self-employed
- Fails to apply for or accept available suitable work
- Tests positive to the use of illegal drugs in accordance with the U.S. Department of Transportation in 49 CFR. Part 40 and Section 25-4-78(3) a. (i) of the Code of Alabama

Procedures Relating To Benefits

Appeals to Referee:

Either party (claimant or employer) may appeal the determination of the claim's examiner, which will be received by the employer on an Employer Notice of Determination (Form BEN-8). A disqualification determination notice will also be mailed to the claimant (Form BEN-11). Appeals must be received by the agency within 15 days from the date the form was mailed to the employer. No special form is necessary; the appeal may consist of a letter, specifying the name of the claimant, social security number, employer account number and the reason for appealing the determination. The request for appeal may result in a redetermination of the initial decision made by the claim's examiner, or a hearing that will be scheduled by a referee. The hearing is an informal procedure, held on the telephone, during which all testimony is taken under oath. The claimant and employer have the right to be represented by counsel and to question witnesses.

Procedures Relating To Benefits

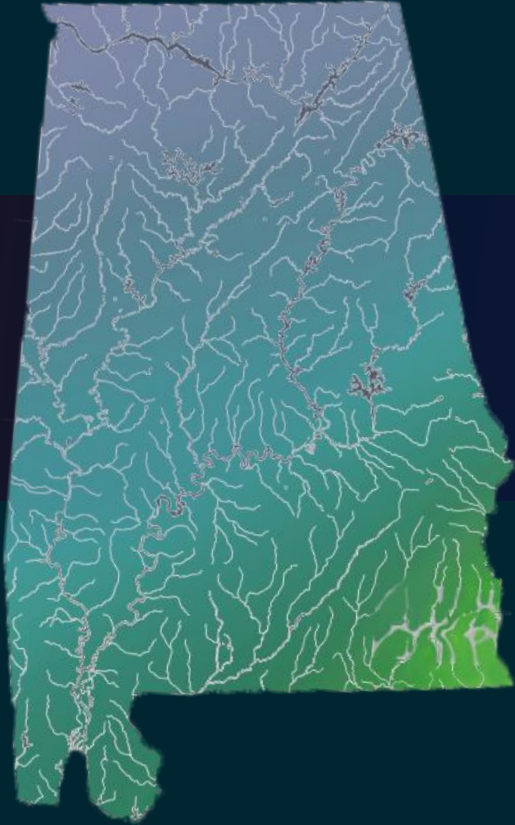
Appeal to Board of Appeals:

Either party may appeal the referee's decision by sending a brief, informal statement setting forth the reasons for appeal to the department 15 calendar days after the date the referee's decision was mailed. The appeal of the referee's decision will be directed to the three-member Board of Appeals appointed by the Governor. The Board of Appeals may deny the appeal without a hearing or accept the appeal and limit itself to examining the evidence submitted by the parties; or it can agree to hear oral arguments in a more formal setting than a hearing before the referee. The Board has the option of taking additional evidence; remanding the case to a referee for taking additional evidence, affirming, modifying, or setting aside the findings of the referee. A decision of the Board becomes final ten days after it is mailed.

Procedures Relating To Benefits

Appeal to Courts:

Either party may appeal the decision of the Board to the Circuit Court within ten days from the date the decision becomes final. An appeal should be filed in the county of claimant's residence. As in any court case, the decision of the Circuit Court may be appealed to the Alabama Court of Appeals, after which it may be appealed to the Alabama Supreme Court.



Questions or Comments?