

## HOUSE UNEMPLOYMENT FRAUD TASK FORCE

### Glossary of Unemployment Insurance Terms

April 2012

**Able, Available and Actively Seeking Work.** -- In order to be eligible for unemployment benefits, an individual must be physically able to work, available to work and actively looking for work each week and have no restrictions to prevent acceptance of suitable work.

**Adjudication Process.** -- Used to resolve issues such as separation, suitable work issues, able and available, self-employment, physical disability, availability for work, controlled substances, and other issues that affect a claimant's eligibility.

**Appeal.** -- A request for a review by an appeals authority of a determination on a claim for benefits, on a status report, or on an employer's contribution rate or a request for a review by a higher appeals authority of a decision made by a lower appeals authority.

**Attributable to the Employer.** -- Produced, caused, created, or as a result of actions by the employer.

**Base year.** -- The first four of the last five completed calendar quarters before the benefit year of the claim. For example, most claims filed in February 2012 use October 2010 through September 2011 as the base year. The wages earned during this time determine the claimant's weekly and maximum benefit amount.

**Base Period (Employer).** -- The period for measuring a qualified employer's past experience with unemployment; the four fiscal years preceding the computation date (July 1 of each year).

**Base-year employer.** -- Any covered employer who paid wages to a given claimant during the base year of the claim.

**Beneficiary.** -- A claimant who has received at least one check for unemployment compensation. **Benefit Charge.** The amount charged to the Experience Rating Account of a base year employer for benefit payments to former employees. These amounts are prorated, based on percentage of wages paid, in the case of multiple base year employers.

**Benefit Liability.** -- Benefits which have been either charged to a taxable employer's experience rating account or non-charged as the result of a taxable employer's requests or statutorily allowance for relief of charges.

**Benefit Noncharging.** -- Unemployment insurance benefits that are paid to a claimant but not charged against their base period employer's experience rating account.

**Benefit Ratio.** -- The calculation that determines which rate class each employer is assigned to each year, consisting of the benefit charges divided by taxable payrolls, carried out to 6 decimal places. It is computed by dividing the total cost of unemployment benefits charged to an employer in the past four fiscal years (July 1 through June 30) by its total taxable payroll for that same period.

**Benefit year.** -- This is the 52-week period that begins when a person applies for benefits (e.g., opens a "benefit claim"). A person may have one or more episodes of unemployment during a single benefit year. When the year is up, the claim expires and the worker must re-apply to qualify for additional benefits.

**Benefits.** -- The monetary amount paid to an unemployed or partially unemployed worker.  
**Benefits Paid.** All unemployment benefits paid to individuals under a state program for all weeks compensated including partial payments. This includes all benefit charges to taxable employers, non-charged benefits, and benefit payments made to ex-employees of reimbursable employers.

**Claimant.** Any individual who has filed a claim for unemployment benefits.

**Combined-Wage-Claim.** A claim filed in one state against wage credits earned in two or more states.

**Continued Claim.** -- Certification of eligibility for benefits during a seven-day period (calendar week) of total, partial, or part-total unemployment.

**Contribution Rate.** -- The basic rate of employer contributions from which variations are computed under the experience rating provisions.

**Covered Employment.** -- Employment covered by the Employment Security Law including any work for which wages are paid by: (1) an employer who has one or more workers in any twenty weeks during a calendar year, or whose payroll is \$1,500 or more during a calendar quarter; (2) an agricultural employer who has ten or more workers in any twenty weeks during a calendar year, or who pays \$20,000 or more in wages in any calendar quarter; (3) an employer who pays \$1,000 or more for domestic service during any calendar quarter; (4) state and local governments; (5) non-profit elementary and secondary schools.

**Determination.** -- A decision by the Division of Employment Security regarding the unemployment claim of an individual or the tax status of an employer. This generally results in an agency-generated document that is appealable.

**Disqualification.** -- State law specifies claimants are disqualified from benefits for a definite or indefinite period. These include not being able, available, or actively seeking work as required, voluntarily leaving employment without good cause; discharge for misconduct or gross misconduct, misrepresentation; refusal to work; failure to report as required, participating in a labor dispute which results in work stoppage; and school attendance.

**Disqualifying Conditions.** -- Conditions prescribed by law which, when present, disqualify an individual from receipt of benefits.

**Duration.** -- The number of weeks a claimant can receive his full weekly benefit amount. Minimum duration is 13 weeks; maximum duration is 26 weeks or until the maximum benefit amount is exhausted. This is computed by dividing the total base period wages by the high quarter wages and then multiplying the result by eight and two-thirds

**Earnings Allowance.** -- The amount prescribed by state unemployment compensation laws that a claimant may earn without any reduction in the weekly benefit amount for a week of total unemployment.

**Eligibility Conditions.** -- Those conditions prescribed by law under which an individual may receive benefits.

**Eligibility Determination.** -- A determination as to whether a claimant or employer meets all of the eligibility conditions prescribed by law.

**Employee.** -- An individual performing services for an employing unit, as defined by state law, under a master/servant or employer/employee relationship.

**Employer.** -- An employing unit, as defined, subject under State or Federal unemployment compensation laws. It can include any individual, partnership, corporation or other type of organization which employs one or more individuals.

**Employer Contributions.** -- Taxes, including voluntary contributions and special assessments, paid by subject employers into a state unemployment fund.

**Employment Security Administration Account (ESAA).** -- A special account in the Unemployment Trust Fund, financed by the Federal unemployment tax (FUTA), used to pay for the administration of the Federal-State employment security programs. Under certain conditions, monies in this account are distributed to other special funds: (1) the Federal Unemployment Account (FUA); (2) the Extended Unemployment Compensation Account (EUCA) and (3) State Accounts in the Unemployment Trust Fund.

**Experience Rate.** -- A rate of contribution that differs from the standard contribution rate, computed for an individual employer under the experience-rating provisions of a State unemployment compensation law.

**Experience-Rating.** -- A method for determining the contribution rates of individual employers on the basis of the factors specified in the State unemployment compensation law for measuring an employer's experience with respect to unemployment.

**Experience Rating Record.** -- The account maintained by the Agency on each employer and containing all the elements for the computation of the employer's tax rate.

**Extended Benefits (EB).** -- The supplemental benefit program that pays extended compensation during periods of specified high unemployment to individuals for weeks of unemployment after (1) they exhaust the maximum potential entitlement to regular compensation within their benefit year or (2) after their benefit year ends while they are in continued unemployment status and have insufficient wage credits to establish a new claim; provided, however, that the extended benefit period in the State began prior to the end of their benefit year. Extended benefits paid to claimants under State unemployment compensation law are jointly financed on a 50-50 basis by State and Federal funds; extended benefits paid to UCX and UCFE are totally financed by

**Extended Unemployment Compensation Account (EUCA).** -- An account in the Unemployment Trust Fund from which the Federal portion of shareable extended benefits and Emergency Compensation authorized by the Congress are paid to State agencies.

**Federal Unemployment Account (FUA).** -- An account in the Unemployment Trust Fund from which repayable advances are available to States whose unemployment fund reserves are temporarily unable to meet current benefit payments.

**Federal Unemployment Tax.** -- The excise tax imposed by the Federal Unemployment Tax Act on employers with respect to having individuals in their employ. Established under **Federal Unemployment Tax Act (FUTA)**, Chapter 23 of the U.S. Internal Revenue Code, (Sections 3301-3311).

**Good Cause.** -- A reason which would be deemed by reasonable men and women valid and not indicative of an unwillingness to work.

**Initial Claims.** -- Any notice of unemployment filed (1) to request a determination of entitlement to and eligibility for compensation or (2) to begin a second or subsequent period of eligibility within a benefit year or period of eligibility.

**Insured Unemployment Rate (IUR).** -- The rate computed by dividing Insured Unemployed for the current quarter by Covered Employment for the first four of the last six completed quarters. Interest Earned. The amount of interest earned on the Unemployment Trust Fund account.

**Interstate Benefit Payment Plan (IB).** -- Provides unemployment insurance for persons who worked in another state during the base period. North Carolina acts as the Agent State; the other state is the liable state, which actually pays the benefits.

**Maximum Benefit Amount (MBA).** -- The maximum amount of benefits an individual may receive during a benefit year (or duration of benefits).

**Maximum Potential Benefit Amount.** -- The largest amount of benefits for weeks of total unemployment that an individual may receive under a State or Federal unemployment compensation law.

**Maximum Potential Duration.** -- The highest number of weeks of total unemployment for which benefits are payable to any claimant in a benefit year or other period of eligibility under a State or Federal unemployment compensation law.

**Maximum Weekly Benefit Amount (MWBA).** -- The highest weekly benefit amount for a week of total unemployment as provided under a State or Federal unemployment compensation law.

**Misconduct.** -- Conduct evincing such willful or wanton disregard of an employer's interest 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 the employer.

**Non-charged Benefits.** -- Unemployment insurance benefits that are paid to a claimant but not charged against their base period employer's experience rating account.

**Offset Credit.** -- A credit towards the Federal Unemployment Tax Act (FUTA) tax allowed to taxable employers who pay a state unemployment tax in states having their state laws approved by the US Secretary of Labor.

**Outstanding Loan Balance.** Balance, as of the end of the quarter, of advances acquired by the state under Title XII of the Social Security Act.

**Overpayment.** -- An amount of benefits paid to an individual to which the individual is not legally entitled, regardless of whether or not the amount is subsequently recovered.

**Partial Claim.** -- A claim filed by a worker, normally assisted by the employer, for any week wherein the worker did not work a full week nor earn an amount equal or in excess of his weekly benefit amount.

**Partial Unemployment.** -- An individual still attached to her employer, but through circumstances beyond her control, did not work a full week and earned less than her weekly benefit amount. A claim for partial unemployment is usually filed by the employer.

**Part-Total Unemployment.** -- A week during which an individual works less than full time due to lack of work and earns less than his weekly benefit amount and there is no attachment to a regular employer.

**Period of Employment.** -- The period beginning with the first day an employee works for an employer and extending through the last day he works prior to a separation.

**Primary base employer.** -- The employer on each claim that paid the worker the greatest amount of wages in the base year.

**Reimbursable employers.** -- Certain businesses Certain nonprofit organizations, State or local Government and political subdivisions to pay into the State unemployment fund a sum in lieu of contributions as provided in the State unemployment compensation law that pay dollar for dollar on all unemployment benefits paid to former employees. Eligible businesses include state, county and local governments; public schools; some tribal entities; and non-profit organizations with 501(c)(3) status.

**Reopened Claim.** -- The first claim filed after a break in claim series during a benefit year caused by other than intervening employment such as illness, disqualification, unavailability, or failure to report for any reason other than job attachment.

**Requalification.** -- A process by which a claimant may re-establish eligibility for unemployment insurance through re-employment following a determination of ineligibility and a period of disqualification.

**Separation Issues.** -- Claimants who are disqualified because of separation issues may be denied benefits indefinitely (for the duration of the claimant's unemployment) or, in the case of substantial fault attributable to the claimant, for a designated number of weeks (time certain disqualification).

**State Unemployment Tax Act (SUTA) dumping.** -- When an employer buys, merges or restructures a business to pay less unemployment tax than it should. State and federal legislation was passed in recent years to close loopholes that allowed companies to "SUTA dump."

**Substantial Fault** -- Conduct on the part of the employee connected with the work but not rising to the level of misconduct.

**Suitable Work.** -- Work that is appropriate for an individual, considering the degree of risk involved to his health, safety, and morals, his physical fitness and prior training, his experience and prior earnings, his length of unemployment and prospect for securing local work in his customary occupation, and the distance of the available work from his residence.

**Trade Readjustment Allowance (TRA).** Benefits paid to workers under the Trade Adjustment Act who have exhausted all entitlement to unemployment insurance.

**Trust Fund (Federal).** -- A fund established in the Treasury of the United States which contains all moneys deposited with the Treasury by State Employment Security Agencies to the credit of their unemployment fund accounts and by the Railroad Retirement Board to the credit of the Railroad Unemployment Insurance Account.

**Trust Fund (State)** A special fund established under a State Employment Security law for the receipt and management of contributions and the payment of Unemployment Insurance benefits. Trust Fund Balance (TF).

**Unemployment Insurance (UI).** -- A program under which an individual who is unemployed through no fault of his own is paid weekly benefits based upon his past wages in employment covered by State or Federal UI laws.

**Unemployment rate.** -- The total number of people in the state who are unemployed but seeking work. This is not limited only to the number of people who collect unemployment benefits.

**Wage Credits.** -- Wages earned by persons working in employment covered by State

**Waiting Period.** -- The first eligible continued claim (one which would otherwise be compensable) for total, partial, or part-total unemployment in a benefit year. No payment is made.

**Waiver of Overpayment.** -- The forgiveness, in whole or in part, of any overpayment arising under G.S. 96-18(g)(2), which the Division of Employment Security has the power in its sole discretion to forgive upon a finding of good cause, pursuant to G.S. 96-4(w).

**Weekly Benefit Amount (WBA).** -- The amount of money a claimant can receive each week. It is calculated by dividing the sum of the wages earned during the highest quarter of the base period by 26.

**Week of Unemployment.** -- Any week during which an individual is totally or partially unemployed.

**Weekly Benefit Amount (WBA).** -- The amount payable to a claimant for a compensable week of total unemployment.

**Weekly Earnings Allowance (Earnings Disregard).** -- The amount prescribed by law that a claimant may earn during a week without any reduction in the weekly benefit amount for that week.

**Work Search Plan.** -- Formalizes the claimant's intended course of action to obtain employment by documenting the actions agreed to during an Eligibility Review Interview.

*Compiled by: Phyllis Pickett, Bill Drafting Division  
Jan Paul, Research Division*