

# Glossary of Unemployment Insurance Terms

**Additional Claim.** A notice of new unemployment filed at the beginning of a second or subsequent claim series within a benefit year or within a period of eligibility when a break of one week or more has occurred in the claim series because of intervening employment.

**Advice of Rights.** A formal notice to claimants that their eligibility for benefits is in question. All claimants are entitled to due process. Due process and Advice of Rights includes adequate notice and the opportunity to be heard. (*WAC 192-120-03*)

**Alternate Base Year (ABY).** Claimants unable to establish a valid claim using a regular base period may use an alternate base period of the last four completed calendar quarters before the week in which the claimant files an application. (*RCW 50.04.020*)

**Annual Wage Formula.** A benefit formula which computes the individual's weekly benefit amount as a percentage of total wages in the base period as opposed to a high quarter or average weekly wage formula.

**Appeal Decision.** The disposition of an appeals case by a written ruling issued to one or more parties. A disposition may or may not involve a review of a previous decision.

**Array Calculation Factor Rate (Experience-rated tax).** The federal requirement is a minimum maximum tax rate of 5.4% and the employer's tax rate must be based solely on their experience with unemployment. *The array calculation factor rate for qualified employers in Washington State is determined by the benefit ratio of the employer. Once the benefit ratio has been calculated, the qualified employer is assigned one of forty rates set at a fixed interval between the rate classes. For employers not qualified because of delinquent taxes owed the department, the array calculation factor is 5.6%. For all other non-qualified employers, their array calculation factor is calculated at 115% of the average array calculation factor for the industry in which the employer is conducting business, but not less than 1% and.*

**Average Annual Wage for Benefit Purposes.** *In Washington State the total wages paid in covered employment divided by average monthly employment for a given calendar year.*

**Average Annual Wage for Contribution Purposes.** *In Washington State the total wages paid in covered employment by taxable employers divided by the average monthly employment for a given calendar year.*

**Average Benefits per First Payment.** Benefits paid for all weeks compensated divided by the number of first payments.

**Average Duration.** The number of weeks compensated for the year divided by the number of first payments.

**Average High Cost Multiple (AHCM).** Calendar Year Reserve Ratio (or Trust Fund expressed as % of Total Wages); divided by the Average High Cost Rate. The recommended goal of this calculation, as suggested by the US DOL, is to have this number equal 1.0. This would translate to having the equivalent of 1 year of benefits in the Trust Fund.

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**Average Tax Rate (Taxable Wages).** Total employer contributions for a 12-month period divided by the total taxable wages for the same time period.

**Average Tax Rate (Total Wages).** Total employer contributions for a 12-month period divided by the total wages paid by taxable employers for the same time period.

**Average Weekly Benefit Amount (AWBA).** Benefits Paid for Total Unemployment divided by Weeks Compensated for Total Unemployment.

**Average Weekly Wage (AWW).** (1) For an individual worker, the result obtained by dividing the individual's total wages in a specified period either by the total number of weeks in the period, or by the number of weeks for which wages were payable to the individual during the period. (2) For a group of workers, the result obtained by dividing the total wages for one or more quarters by the number of weeks in the period, and then dividing by the average monthly employment for the payroll period including the 12th of each month during the period. *In Washington State, the average weekly wage amount is calculated by taking the average annual wage for benefit purposes and dividing that amount by fifty-two and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar. This figure is used to calculate the minimum and maximum weekly benefit amounts.* (RCW 50.04.355.1(b))

**Average-Weekly-Wage Formula.** A benefit formula which uses a computation of an individual's average weekly wage during the base period as a basis for determining the individual's weekly benefit amount. *In Washington State, the average weekly wage amount is calculated by taking the average annual wage for benefit purposes and dividing that amount by fifty-two and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar. This figure is used to calculate the minimum and maximum weekly benefit amounts.* (RCW 50.04.355.1(b))

**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 (Claimant).** A specified period of 12 consecutive months or, in some states, 52 weeks preceding the beginning of a benefit year during which an individual must have the required employment and/or wages in order to establish entitlement to compensation or allowances under an applicable program. *In Washington State it is the first four of the last five completed calendar quarters, before the week in which a claimant files an application for initial determination.*

**Base Year Employer.** Any covered employer who paid wages to a given claimant during the base year.

**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.

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**Benefit Eligibility Conditions (Eligibility Requirements).** Statutory requirements which must be satisfied by an individual with respect to each week of unemployment for which compensation or allowance payments are claimed before payment for the week is made.

**Benefit Formula.** A mathematical formula specified in state unemployment compensation law or federal laws used as the basis for determining an individual's weekly benefit amount and potential maximum benefit entitlement. *In Washington State, the weekly benefit amount is determined as the average of the two highest quarter earnings in the base year times 3.85%. Maximum benefits payable is the lesser of twenty-six times the weekly benefit amount or one-third of the individual's base year wages. (RCW 50.20.120)*

**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. *In Washington, benefits are not charged for the following reasons: benefits paid to claimants later deemed ineligible; benefits paid for employment in Washington and under another state if the claimant could not have qualified for benefits based solely on Washington wages; benefits paid because of a determination that no stoppage of work exists during a labor dispute; benefits paid to claimants whose wage credits have been frozen while they were temporarily disabled; benefits paid to claimants for the state's share of extended benefits; benefits paid to claimants who requalify for benefits after a misconduct, or a voluntary quit; benefits paid to claimants following a discharge for misconduct or gross misconduct; claimants who voluntarily quit their employment for a reason not attributable to their employer; benefits paid following a catastrophic event that results in a closure or severe curtailment of the employer's business that results in a layoff of employees; benefits paid to a claimant who continues to be employed, is a regularly scheduled part-time worker, and who is separated from at least one employer; and benefits paid which represent the difference between benefits computed under law changes in EHB 2255 and what benefits would have been paid under prior law. These benefits are paid from the Reed Act, and are not considered to be socialized. (RCW 50.29.021)*

**Benefit Ratio.** The calculation measuring the individual employer's experience with unemployment during the base period, consisting of the benefit charges divided by taxable payrolls, carried out to 6 decimal places.

**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.*

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**Benefits Wages.** Wages paid to an employee by all covered employer(s) during the base period upon which their benefit entitlement is based; or the amount of insured wages paid to a worker by an employer during the base period and upon which he is paid benefits.

**Calendar Quarter.** The three-month period beginning on the first day of January, April, July and October each year and ending on the last day of March, June, September and December, respectively. (RCW 50.04.050) - "Calendar quarter" means the period of three consecutive calendar months ending on March 31st, June 30th, September 30th, or December 31st.

**Calendar Week.** The seven consecutive day period beginning on Sunday at 12:01 AM and ending at midnight the following Saturday. (WAC 192-100-030).

**Civilian Labor Force.** The average number of individuals who are either employed or unemployed in the week of the 12<sup>th</sup> for the three months of the quarter. (Bureau of Labor Statistics)

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

**Claimant Fraud.** The willful misrepresentation or nondisclosure of a material fact by a claimant for the purpose of obtaining benefits to which the individual is not entitled.

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

**Computation Date, Experience-Rating.** The date as of which an employer's experience is measured for the purpose of determining contribution rates. *In Washington, the computation date is July 1<sup>st</sup>.* (RCW 50.29.010)

**Conditional Payment.** Conditional payment is a payment made without delay for any weeks claimed by a continued claim recipient whose eligibility is questioned. Conditional payment is made until the claimant is afforded adequate notice and an opportunity to be heard. *Only in Washington State, as a result of the O'Brien Class Action law suit. If an overpayment of benefits results from a conditional payment and subsequent denial of benefits, the claimant is not eligible for waiver of that overpayment.* (WAC 192-23-900)

**Continued Claim (CC).** A request by claimants in writing or electronically (by phone or internet) to certify their unemployment status and their eligibility to receive benefit payment or waiting period credit.

**Continued Claim Recipient.** A claimant, who is monetarily and non-monetarily entitled to benefits, has been granted waiting period and/or benefits for one or more weeks in the benefit year, and is in current continued claim status. *Only in Washington State, as a result of the O'Brien Class Action law suit.* (WAC 192-100-020)

**Covered Employment.** Employment by an individual for an employer, and under such circumstances, that such employment is covered by the State UC law. *In Washington,*

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*employment that is covered by Title 50 RCW or the comparable laws of another state or the federal government. (WAC 192-150-085)*

**Covered Employer.** An "employer" whose length and conditions of employment meet the criteria for liability for payment of taxes or payments in lieu of taxes under the State or Federal UC law. *(Chapter 50.04 and 50.44 RCW)*

**Dependents' Allowance.** Special allowances provided under some State unemployment compensation laws to beneficiaries with family support responsibilities as defined under the statutory provisions of the laws. *Not applicable in Washington.*

**Determination.** A decision by the Employment Security Department 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.

**Disaster Unemployment Assistance (DUA).** Pays benefits to anyone unemployed as a result of a major disaster and who is not entitled to any other type of unemployment insurance (UI). In general, people eligible for DUA are self-employed, corporate officers, or people who do not meet the "able and available for work" requirements of the regular unemployment programs because of injuries resulting from the disaster.

**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 of Benefits.** The number of weeks of benefits a claimant may receive. May be expressed in total dollars available. *In Washington, it is the lesser of twenty-six times the weekly benefit amount or one-third of the individual's base year wages. (RCW 50.20.120(1)(b))*

**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. *In Washington, the "earnings deduction" formula for less than full-time work is gross earnings minus \$5 times 75%. (RCW 50.20.130)*

**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. *(See Determination)*

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**Employee.** An individual performing services for an employing unit, as defined by state law, under a master/servant or employer/employee relationship. *Employment is defined by RCW 50.04.100*

**Employee Contributions.** The unemployment compensation taxes required by some states' unemployment compensation laws are deducted by the employer from an employee's pay and paid with the employer's contribution. *Only required in Alaska and under certain conditions in New Jersey, Pennsylvania.*

**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. *(RCW 50.04.080)*

**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.

**Excess Wages.** These wages are the wages paid by an employer to a worker in a calendar year that are in excess of the taxable wage base.

**Exhaustee.** Any claimant who has been paid the full amount of their entitlement for a given program.

**Exhaustion Rate.** A rate computed by dividing the average monthly exhaustions by the average monthly first payments. To allow for the normal flow of claimants through the program, the numerator lags the denominator by 26 weeks; e.g., the exhaustion rate for 3<sup>rd</sup> quarter of calendar year 2005 would be computed by dividing the average monthly exhaustions for the twelve months ending September 2005, by the average monthly first payments for the twelve months ending March 2005.

**Exhaustions.** Number of claimants drawing the final payment of their original entitlement for a given program.

**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. *(RCW 50.29.025)*

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**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 Federal funds. *In Washington, "periods of specified high unemployment" are considered for either the insured unemployment rate or the total unemployment rate in the state. Extended benefits paid to reimbursable claimants not including UCX or UCFE are financed totally by the reimbursable employer. (Chapter 50.22 RCW)*

**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 Employer Identification Number (FEIN).** The identification number assigned to employers by the Internal Revenue Service to control reporting and accounting functions. Not compatible with the employer account number assigned by 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.

**Federal Unemployment Tax Act (FUTA).** Chapter 23 of the U.S. Internal Revenue Code, (Sections 3301-3311).

**First Payments.** The first payment in a benefit year for a week of unemployment claimed under a specific program. This is used as a proxy for "beneficiaries" under a specific program.

**Fraudulent Claim.** See **Claimant Fraud**

**Frozen Wage Credits.** Under certain circumstances, state law allows for the creation of a special benefit year for individuals who were injured, allowing use of a base year prior to the injury. This effectively "freezes" those wage credits. Such benefits are not charged to base year employers. *In Washington, it is called Temporary Total Disability (TTD). (Chapter 50.06 RCW)*

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**Fund Balance Ratio.** The computation made each September 30th of the balance in the UI Trust Fund divided by total wages in the preceding calendar year. This calculation is used to determine the tax schedule for the following year under the previous financing system in the state; the higher the fund balance ratio, the lower the average tax. *Following the passage of 2ESB 6097, this is no longer applicable for the determination of the tax schedule in effect.*

**High Cost Multiple (HCP).** Trust Fund expressed as % of Total Wages” divided by the High Cost Rate. The High Cost Rate is the highest historical ratio of benefits to wages for a 12-month period.

**High-Quarter Formula.** A benefit formula which uses an individual's highest quarter of wages in the base period to compute the weekly benefit amount.

**Higher Authority Appeal.** The higher of two administrative authorities provided by State unemployment compensation laws to make decisions with respect to appeals. *In Washington, this is Commissioner’s Review. (RCW 50.32.070)*

**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 Employment.** Services performed in the employ of an employer liable under the State UC law.

**Insured Unemployment.** The average weekly number of weeks claimed for the three months of the quarter.

**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 Combined-Wage Claim.** A combined-wage claim in which the paying State is not the State in which the claim is filed and the interstate claims procedures are used in making the payment.

**Intrastate Combined-Wage Claims.** A combined-wage claim in which the paying State is also the State in which the claim is filed and to which the other State or States will transfer wage credits.

**Lag Quarter(s).** The quarter(s) between the end of a base period and the quarter which includes the beginning date of the benefit year.

**Liable State.** Any State against which a worker files a claim for compensation through the facilities of another (agent) State.

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**Lower Authority Appeal.** The lower of two administrative authorities provided by the State unemployment compensation laws to make decisions with respect to appeals. A State agency with only one appeals authority should consider that as a lower appeals authority. *In Washington State, this is the Office of Administrative Hearings (OAH).*

**Mass Partial Unemployment.** Partial unemployment of a large number of workers in a given employing unit occurring at approximately the same time and arising from a reason common to all such workers.

**Mass Separation Notice.** A report in some States of a mass separation sent by an employer to the State agency listing the names of workers separated and other required data thus eliminating the need for individual separation notices.

**Maximum Benefit Amount (MBA).** The maximum amount of benefits an individual may receive during a benefit year (or duration of benefits). *In Washington State it is the lesser of twenty-six times the weekly benefit amount or one-third of the individual's base year wages. (RCW 50.20.120)*

**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. *In Washington State, the weekly benefit amount is currently determined as the average of the two highest quarter earnings in the base year times 3.85%. Under state law, the maximum weekly benefit amount is the greater of 63% of the average weekly wage or \$496. (RCW 50.20.120)*

**Monetary Determination.** A written notice issued to inform an individual whether or not the individual meets the employment and wage requirements necessary to establish entitlement to compensation under a specific program and, if entitled, the weekly and maximum benefit amounts the individual may receive. *In Washington State, the individual must have 680 hours of covered employment in the base year. (RCW 50.04.030)*

**Most Recent Bona Fide Work.** Work accepted in good faith with the earnest intent on the part of both the employee and the employer that it to be of a continuing nature, from which a worker is last separated prior to filing a claim. *The Voluntary Quit section of the law (RCW 50.20.050) provides that we consider factors including 1) the duration of the work; 2) the extent of direction and control by the employer over the work; and 3) the level of skill required for the work in light of the individual's training and experience.*

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

**Nonmonetary Determination.** A decision made by the initial authority based on facts related to an "issue" detected: (1) which had the potential to affect the claimant's past, present, or future benefit, and (2) for which a determination of eligibility was made.

**Nonmonetary Issue.** An act, circumstance, or condition potentially disqualifying under State law.

**Nonmonetary Redetermination.** A decision made under statute, regulation, or well-defined policy specifically requiring reconsideration of a nonmonetary determination before the administrative appeal stage, and which affirms, reverses, or modifies a determination.

**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 his employer, but through circumstances beyond his control, did not work a full week and earned less than his weekly benefit amount. A claim for partial unemployment is usually filed by the employer. *In Washington State, the claim is filed by the individual.*

**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.

**Pooled Account.** A fund in which all contributions are mingled and undivided and from which benefits are payable to all eligible claimants.

**Potential Duration.** The total number of weeks of total unemployment for which an individual claimant may receive benefits in a benefit year or period of eligibility under the entitlement

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provisions of a State or Federal unemployment compensation program or any other program administered by a State agency.

**Property Right.** A claimant has property rights to benefits once a valid monetary determination is issued, we find the claimant to be nonmonetarily eligible for benefits, and allow waiting period credit or benefits. Once the claimant has established property rights, benefits cannot be stopped or pending without giving the claimant due process. *Only in Washington State, as a result of the O'Brien Class Action law suit.*

**Qualified Employer.** An employer who is eligible for a reduced tax rate by virtue of fulfilling two requirements: employment during certain specified periods, and timely payment of taxes. *In Washington State, qualified employer means an employer who a) reported some employment in the twelve-month period beginning with the qualification date, (b) had no period of four or more consecutive calendar quarters for which he or she reported no employment in the two calendar years immediately preceding the computation date, and (c) has submitted by the cut-off date all reports, contributions, interest, and penalties required under this title for the period preceding the computation date. Unpaid contributions, interest, and penalties may be disregarded for the purposes of this section if they constitute less than either one hundred dollars or one-half of one percent of the employer's total tax reported for the twelve-month period immediately preceding the computation date. Late reports, contributions, penalties, or interest from domestic employment may be disregarded if showing is made to the satisfaction of the commissioner that an otherwise qualified employer acted in good faith and that forfeiture of qualification for a reduced contribution rate because of such delinquency would be inequitable. (RCW 50.29.010)*

**Reciprocity Rate.** The insured unemployed in regular programs as a percent of total unemployed.

**Regular Compensation.** Benefit payments to individuals with respect to their unemployment under any State unemployment compensation law, including payments pursuant to title 5, chapter 85, U.S. Code, but not including additional, extended, Disaster Unemployment Assistance, or Trade Readjustment Allowances.

**Reimbursable Employer.** Certain nonprofit organizations, State or local Government and political subdivisions which elector are required to pay into the State unemployment fund a sum in lieu of contributions as provided in the State unemployment compensation law. *(RCW 50.44.020 and RCW 50.44.030)*

**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.

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**Request Reporting.** The method used by a State agency to obtain a wage and separation report from a base period employer(s) after the claimant files a new or transitional claim. *Not applicable in Washington State.*

**Reserve Account.** A separate account maintained in a State unemployment fund with respect to a subject employer to which are credited contributions paid by such employer and to which are charged all and only those benefits which are based on services performed for such employer.

**Seasonality Determination.** A determination made as to whether a seasonality provision of the State's unemployment compensation law shall be applied to the benefit rights of workers employed in seasonal operations of an industry, occupation, establishment, or employer. *Not applicable in Washington State.*

**Shared Work Program.** *Provides qualified employers of Washington State an alternative to layoffs of skilled employees during unanticipated temporary economic downturns. Qualified employers can reduce the number of full time weekly work hours of participating employees (between 10 and 50%), while the employees collect a corresponding percentage of "Shared Work" unemployment insurance benefits. (Chapter 50.60 RCW)*

**Social Cost Factor (Flat Social Tax).** *In Washington State the flat social cost factor is calculated by "dividing the total social cost by the total taxable payroll". The total social cost is the difference between the amount of benefits paid to taxable claimants and the experience-rated taxes paid for the twelve months ending June 30<sup>th</sup> each year. This remainder is divided by the total taxable payrolls for the same period. If the resulting quotient is less than 0.6%, then the social cost factor is 0.6%. If the department determines that there are more than ten months of benefits available in the UI Trust Fund on the date of the calculation (September 30), then the total social cost is reduced by the amount of benefits that represent the difference between the balance in the trust fund and ten months of benefit availability. (RCW 50.29.025)*

**Social Cost Factor (Graduated Social Tax).** *The graduated social cost factor rate for each employer in the array is the flat social cost factor multiplied by a percentage specified for the rate class to which the employer has been assigned. Beginning in rate class 1, the flat social cost factor is multiplied by 0.78. The multiplier for each succeeding rate class increases by 0.04 until rate class 11, where the multiplier is 1.18. Rate classes 12 through 40 have a multiplier of 1.20. However, the sum of the array calculation factor and the graduated social cost factor cannot exceed 6.5%, except for certain season employers who have a maximum combined rate of 6.0%. For employers not qualified to be in the array, their graduated social cost factor will be the average industry social cost factor plus 15%.*

**Solvency Tax.** The solvency tax is a supplemental tax charged to all employers if it is determined that on September 30<sup>th</sup> there are less than six months of benefits available in the UI Trust Fund. If such a determination is made, employers would be charged a supplemental tax equal to the amount of revenues necessary to return the balance in the trust fund to eight months of benefits. This rate may not exceed 0.2%.

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**Special Tax Rate.** A rate assigned to the employer account that did not result directly from a computation method under regular experience-rating provisions of the State unemployment compensation law. *See flat social cost factor.*

**State Revenue.** Funds deposited in state accounts in the Unemployment Trust Fund (UTF). These revenues are used to pay state UI benefits and the state share of EB.

**Standard Contribution Rate.** The basic rate of contributions from which variations are computed under the experience-rating provisions of a State unemployment compensation law.

**Stoppage of Work.** Under the labor dispute provision, a substantial curtailment of the normal operation of an employer at a given location.

**Subject Employers.** The number of employers subject to UI taxes.

**Tax Ceiling.** An upper limit on the amount of wages subject to tax, set by legislation. See Taxable Wage Base.

**Tax Rate.** The percentage assigned yearly to each employer to be applied against taxable wages paid to each employee up to the tax ceiling. *In Washington State there is also a graduated social cost factor added to offset the socialized benefit charges, and a solvency surcharge to be added when the amount of money in the Trust Fund is not expected to be sufficient to pay benefits for the next calendar year. (RCW 50.29.025)*

**Tax Rate Classes.** A tax rate assigned based on the employer's experience with unemployment claims. Determined by calculating the benefit ratio of benefits charged to taxable wages. This ratio is then "slotted" into a rate class which has a tax rate assigned. *In Washington State this is called the array calculation factor rate. There are forty rate classes. (RCW 50.29.025)*

**Tax Year.** The twelve-month time period in which a state's tax rate schedule and taxable wage base remain constant. *Washington State uses the calendar year.*

**Taxable Payroll.** The dollar value of all wages subject to the unemployment insurance tax.

**Taxable Wages.** Wages paid to covered employees that are subject to State Unemployment Insurance taxes.

**Taxable Wage Base.** For each State, the maximum amount of wages paid to an employee by an employer during a tax year, which are subject to UI taxes. Wages above this amount are not subject to tax. The federal requirement is a minimum of \$7000. *In Washington State the taxable wage base for years prior to 2000 was calculated at 80% of the average of the prior year's average annual wage. For years 2000 through 2006, the taxable wage base was 80% of the average of the three prior years' average annual wage, rounded to the next lower \$100. Beginning in 2007, the taxable wage base calculation returns to 80% of the average of the prior year's average annual wage, rounded to the next lower \$100. All of the annual wages are defined under Average Annual Wage for Contribution Purposes.*

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**Temporary Emergency Unemployment Compensation (TEUC).** Federal extension made available in March of 2002. For most individuals, the program ended in December 2003.

**Timber Retraining Benefits (TRB).** *Washington State's additional benefit program for dislocated workers. The program ended in June 1999.*

**Total Social Cost.** See Flat Social Cost Factor.

**Total Tax Rate.** The sum of the array calculation factor tax plus the graduated social cost factor plus the solvency tax rate (if applicable).

**Total Taxable Payroll.** *Total taxable payroll means the total amount of wages subject to tax, as determined under statute, for all employers in the four consecutive calendar quarters immediately preceding June 30<sup>th</sup> and reported to the Employment Security Department by the September 30<sup>th</sup>.*

**Total Unemployed.** The average number of individuals, 16 years of age or older, who do not have a job but are available for work and actively seeking work in the week of the 12<sup>th</sup> for the three months of the quarter. This includes individuals on layoff and waiting to report to a new job within 30 days.

**Total Unemployment Rate (TUR).** The rate computed by dividing Total Unemployed by the Civilian Labor Force. (Bureau of Labor Statistics)

**Total Wages.** The dollar value of all wages paid in employment covered by Washington's UI law.

**Total Wages (Taxable Employers).** All wages or remuneration paid to workers by all taxable employers.

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

**Training Benefits.** Additional state benefits paid to qualified workers in approved training – not available in all states. *In Washington State, benefits are limited to dislocated workers meeting eligibility and application requirements. (RCW 50.22.150)*

**Transitional Claim.** A claim filed to request a determination of eligibility and establishment of a new benefit year having an effective date within the seven day period immediately following the benefit year ending date and a week for which compensation or waiting period credit was claimed.

**Trust Fund as Percent of Total Wages.** Trust fund balance as a percent of estimated wages for the most recent 12 months. Also referred to as the Reserve Ratio.

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**Trust Fund Balance (TF).** The balance in the individual state account in the Unemployment Trust Fund.

**Unemployment Compensation (UC or 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 UC laws.

**Unemployment Compensation for Ex-Servicemen (UCX).** The Federal program that provides benefits to ex-servicemen established by title 5, chapter 85, U.S. Code.

**Unemployment Compensation for Federal Employees (UCFE).** The Federal program that provides benefits to ex-Federal employees established by title 5, chapter 85, U.S. Code. Supplemental extended compensation is payable to ex-Federal employees under other provisions of State and/or Federal laws during periods of high unemployment.

**Unemployment Trust Fund (UTF).** A fund established in the Treasury of the United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and Federal unemployment taxes collected by the Internal Revenue Service.

**UI Trust Fund.** The fund from which benefit payments are made. This fund consists of employer taxes, the 2002 Reed Act distribution monies and associated interest income.

**Uniform Base Period.** A base period which starts on the same calendar date for a new or transitional claim for all claimants. *Not applicable in Washington State.*

**Uniform Benefit Year.** A benefit year which starts the same date for all claimants in a State. *Not applicable in Washington State.*

**Uniform Duration.** A provision of State unemployment compensation laws establishing the same number of weeks of potential duration for all eligible claimants. *Not applicable in Washington State.*

**Variable Duration (Individual Duration).** A provision of State unemployment compensation law under which the potential duration varies from individual to individual in accordance with the length of employment and amount of wages earned in the base period. *Not applicable in Washington State.*

**Voluntary Contributions.** Voluntary payments made by a subject employer credited to the employer's experience rating account in order to obtain a more favorable experience rate. *In Washington, an employer may make a voluntary contribution of an amount equal to part or all of the benefits charged to the employer's account during the two years most recently ended on June 30th that were used for the purpose of computing the employer's array calculation factor rate applicable for rate years beginning on or after January 1, 2005. On receiving timely payment of a voluntary contribution, plus a surcharge of ten percent of the amount of the voluntary contribution, the department cancels the benefits equal to the amount of the voluntary contribution, excluding the surcharge, and computes a new benefit ratio for the employer. The*

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*employer is then assigned the array calculation factor rate applicable to the new rate class for the employer. The minimum amount of a voluntary contribution, excluding the surcharge, must be an amount that will result in a recomputed benefit ratio that is in a rate class at least four rate classes lower than the rate class that included the employer's original benefit ratio.*

**Wage and Separation Report.** A form used by a State agency to request a report from a base period employer regarding the wages earned by the claimant and reason(s) for separation from employment. *Not applicable in Washington State.*

**Wage Credits.** Wages earned by persons working in employment covered by State unemployment compensation laws.

**Wage Record.** A record maintained by a State agency of an individual employee's quarterly earnings in covered employment reported by subject employers. *In Washington State the wage record also includes the number of hours worked per quarter.*

**Wage Report.** A quarterly report by a subject employer listing the wages of each individual worker in employment during the quarter. *In Washington State the wage report also includes the number of hours worked per quarter.*

**Waiting Period.** A week of unemployment for which a claimant does not receive compensation but must meet the same eligibility requirements necessary to qualify for receipt of compensation for subsequent weeks of unemployment during the benefit year. (In some States, the waiting period, after specified periods of unemployment, may become compensable.) *In Washington State, the waiting week is not paid.*

**Week of Partial Unemployment.** A week in which an individual works less than regular fulltime hours for his/her regular employer because of lack of work, and earns less than the amount specified in the definition of a week of total unemployment but more than the allowable earnings prescribed by the State unemployment compensation law, so that, if eligible, the individual receives less than his/her full weekly benefit payment. *In Washington State it means that during a week the claimant 1) Worked for his or her regular employer less than full time because of lack of work; and 2) Earned less than one and one-third times the weekly benefit amount plus five dollars. (WAC 192-110-015)*

**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. *In Washington State, the WBA is currently determined as the average of the two highest quarter earnings in the base year times 3.85%.*

**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. *See Earnings Allowance. In Washington State, the "earnings deduction" for less than full-time work is gross earnings minus \$5 times 75%. (RCW 50.20.130)*

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**Weeks Claimed.** The number of weeks of benefits claimed, including weeks for which a waiting period or fixed disqualification period is being served. Interstate claims are counted in the state of residence.

**Weeks Compensated.** The number of weeks claimed for which UI benefits are paid. Weeks compensated for partial unemployment are included. Interstate claims are counted in the paying state.

**Worker's Compensation (WC).** A program under which workers are paid benefits resulting from a work-related injury or disability. This program has no relationship to Unemployment Compensation.