



**Let's face it... Navigating through the world of
Unemployment Claims can be confusing... Below is the skinny on the
Unemployment Process**

Before we get into how Unemployment works, we need to provide definitions to a few words that we are going to use throughout this Overview.

Definitions

Claimant: An employee who has worked for at least one (1) quarter in the previous year and is unemployed through no fault of his/her own.

Base Year: The time taken into consideration when calculating unemployment benefits, which is a one-year time span consisting of the last four (4) of the last five (5) calendar quarters.

****See example of calculation below ****

Employee: A person employed by a company that received/ receives wages. A contractor is not considered an employee and is therefore not eligible for unemployment benefits.

Covered Wages: Wages include not only salary, commissions, bonuses, and tips, but also sick or accident disability payments (except workers' compensation payments) made by an employer or third party (insurance company) and certain fringe benefits such as vacation hours. Additionally, the cash value of payments made in a medium other than cash, such as lodgings and meals, are also considered wages.

1. What is Unemployment Compensation (UC)?

Unemployment Compensation (UC) is a form of income replacement for times when someone loses their job and is unemployed. It provides an income to individuals who become unemployed through no fault of their own. UC benefits are paid, for a limited time, to individuals who are able and available for suitable work but continue to be unemployed while looking for another job. To be covered by the UC program, a worker must have performed services covered by the state's UC Law (Law) and must have worked for an employer who is required by Law or elects to pay into the UC Fund.

2. What are my UC tax responsibilities if I hire an employee?

Employers are required to report covered wages paid and remit their UC tax contributions on a quarterly basis.

- When an employer processes payroll, their payroll vendor deducts their UC contributions.
- The payroll vendor "holds" the unemployment contributions, similar to what they do with the taxes they deduct every payroll, and then on a quarterly basis, the UC contributions are remitted to the State Unemployment.

3. If an employee files for UC benefits, how does the employee get their unemployment benefit payments? Does the employer remit payment?

The employee receives their UC benefits directly from the Unemployment account that has been collected by the employer and submitted to quarterly to State Unemployment. The employee will receive their UC benefits either by Direct Deposit or by Debit Card and the payments will be made directly by UC, not the former employer.

5. How does an employee file for UC?

To file for unemployment, employees can log onto the unemployment website for their specific state and submit a request.

Once the employee submits a request for unemployment services, the former employee receives a notification. While the former employer does participate in the process of determining if the former employee is eligible for unemployment benefits, the state in which the former employee worked ultimately makes the final decision about who will be awarded or denied employment benefits.

6. Overall UC Request Process

- The employee is terminated/resigns due to working conditions, child rearing, etc.
- Employee files UC claim through state
- State notifies employer of the claim
- Employer either files notice of application away in the former employee's personnel file and does nothing. Therefore, the claim is validated, and the employee is awarded UC.

Or

- If the employer decides to appeal the claim, the notice is completed and remitted to the unemployment office along with a letter outlining why the employee was terminated (attendance, performance, willful misconduct)
- The unemployment office reviews the employer's notes and follows up if they have any questions
- UC makes a determination to approve or deny benefits

** To find out how to appeal a claim, see below **

7. How do I calculate what the Base Year is?

If **Employee A** is terminated and files for a claim in May 2018, the "Base Period" would be the previous four (4) calendar quarters or specifically the base period would have started April 2017. In order for the Employer's unemployment bank to be charged 100%, the employee would have had to be employed by your company April 2017- May 2018.

What if *Employee B* was not employed by your company for the entire Base Year?

The percentage of benefits charged to each employer is equal to the percentage of the base period year paid by the employer. *For example:* If another employer paid Employee B January through December of 2017, they would be considered the "Base Period" employer for 75% of the employee's base period. Your company would be only responsible for 25% of the base period.

8. How do I file an appeal?

Any party (either the employer or the former employee) who disagrees with a determination issued by the UC Service Center or a decision issued by an Appeals Referee has the right to file a further appeal.

- An appeal may be filed by mail (using either an appeal form or a letter) to the address appearing on the Service Center determination notice
- By fax, which is on the claim notice
- By email to UCAppeals@pa.gov

How do I file an appeal after I attended a hearing and the UC benefits were approved, but I do not agree with the determination?

After any hearing, if the Company would like to appeal the decision, they can send their appeal directly to the UC referee that oversaw the hearing. Appeals of a UC Referee decision may be filed by email to UCBoardAppeals@pa.gov. Warning: Information submitted by email is not secure.

We realize that navigating through the Unemployment claim system can be daunting. McCloskey Partners is available to assist you as you are dealing with unemployment claims.

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