

**Unemployment Compensation**

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**AUDITOR OF STATE'S  
2016 LOCAL GOVERNMENT OFFICIALS'  
CONFERENCE**

**MARCH 23, 2016**

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**Unemployment Compensation Tax**  
Introduction

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- **Public Entity Background**
  - Definition
  - Liability
  - Reporting Options
- **ERIC**
  - Services
- **Quarterly Reports**
  - Requirements and Due Dates
- **Monthly Billings and Credits**
  - New Process

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**Unemployment Compensation Tax**  
Public Entities

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- **Who is a Public Entity for Purposes of UC Coverage?**
  - The State of Ohio and its instrumentalities and political subdivisions
  - Ohio's counties and townships
  - Ohio's municipalities (cities, villages, school districts)
  - Charter schools
  - Other public agencies established under Ohio law and by ordinance or resolution of a political subdivision

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**Unemployment Compensation Tax**  
Public Entities

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- **Liability**
  - At least one employee in covered employment
  - Public entities are reimbursing employers; may request to become contributory.
  - Must remain reimbursing or contributory minimum of 2 years
  - Not required to provide bonding

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**Unemployment Compensation Tax**  
Public Entities

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- **Covered Employment**
  - Services of all employees, whether classified or unclassified
  - Services of all employees, whether full-time, part-time, or temporary

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**Unemployment Compensation Tax**  
Public Entities

6

- **Excluded Employment**
  - Publicly elected officials
  - Member of a legislative body
  - Member of the judiciary
  - Military member of the Ohio National Guard
  - Employee serving on a temporary basis in case of declared emergencies, such as fire, storm, snow, earthquake, flood, or similar emergency (volunteer firefighters and EMT)
  - Major non-tenured policymaking or advisory position

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**Unemployment Compensation Tax**  
Public Entities

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- **Reimbursing Employer**
  - Reimburses the state for benefits paid on a dollar for dollar basis.
  - Reimbursement of benefits paid are made monthly.
- **Contributory Employer**
  - Pays contributions (unemployment taxes) on the first \$9000 earned by each employee (taxable wages).
  - Contributions are paid quarterly (total taxable wages × annual tax rate).

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**Unemployment Compensation Tax**  
Public Entities

8

- **Reimbursing**
  - **Advantages**
    - No payment is required if benefits are not charged to employer's account.
    - Amount owed may be less than quarterly contributions.
  - **Disadvantages**
    - Unplanned expenses can accrue when benefits are paid.
    - No relief of charges to an employer's account
    - Employer's account is not credited for benefits deemed overpaid until the amount is repaid by the claimant.

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**Unemployment Compensation Tax**  
Public Entities

9

- **Contributory**
  - **Advantages**
    - Contributions are limited — maximum of \$819 per year per employee.  
9.1% × \$9,000 wage base for CY2012
    - May be easier to budget — more predictable
    - Benefits are not always charged to an employer's account.
    - Employer's account is credited immediately when benefits are determined to have been overpaid.
  - **Disadvantages**
    - Employer pays contributions even when no benefits are charged.
    - Quarterly taxes may exceed the benefits paid.

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**Unemployment Compensation Tax**  
Quarterly Reporting

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- **Requirements**
  - Submit wage report quarterly, even if there are no employees.
- **Due Dates**
  - 1<sup>st</sup> Quarter – April 30
  - 2<sup>nd</sup> Quarter – July 31
  - 3<sup>rd</sup> Quarter – October 31
  - 4<sup>th</sup> Quarter – January 31
- If the due date falls on a weekend or holiday, the quarterly report is due the next business day.

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**Unemployment Compensation Tax**  
Quarterly Reporting

11

- **Methods of Filing**
  - **ERIC - Employer Resource Information Center**
    - Register a new account.
    - Review and update account information.
    - File current or past due quarterly wage reports.
    - Amend previous wage reports.
    - Make payments.
    - Request refunds.
    - Leave messages for UC Tax.
  - <http://unemployment.ohio.gov>

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**Unemployment Compensation Tax**  
Quarterly Reporting

12

- **Methods of Filing**
  - **IVR**
    - For no employment reports
    - 1-866-44-UCTAX (1-866-448-2829)
  - **Ohio Business Gateway**
    - [www.ohiobusinessgateway.ohio.gov](http://www.ohiobusinessgateway.ohio.gov)
  - **Paper Filing:**
    - Ohio Department of Job and Family Services
    - Attn: Contribution Section
    - P.O. Box 182413
    - Columbus, OH 43218-2413

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### Unemployment Compensation Tax Billings and Credits

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- **Monthly Billing Cycle**
  - Reimbursing employer incurs benefit charges.
  - The following month, the employer will receive a **Notice of Benefits Paid or Charged to Employer** informing them of benefit charges. The notice is mailed the 1<sup>st</sup> Monday after the 1<sup>st</sup> Friday of the month.
  - The reimbursing employer will be billed on the 2<sup>nd</sup> of the month following the receipt of the **Notice of Benefits Paid**. They will receive a **Reimbursing Employer's Monthly Statement**, via US mail, usually by the 7<sup>th</sup> of the month.
  - The payment shown on the **Reimbursing Employer's Monthly Statement** is due by the last day of the month.

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### Unemployment Compensation Tax Billings and Credits

14

- For example, benefits charges for September will be billed on November 2 and are due by November 30.

**OHIO DEPARTMENT OF JOB AND FAMILY SERVICES**  
P.O. BOX 162-601  
Columbus, OH 43219-2404  
(614) 466-2319

**REIMBURSING EMPLOYER'S MONTHLY STATEMENT**  
Employer Account Number: [REDACTED]  
Statement Date: 11/02/2011

**Account Summary**

Prior Statement Balance:	\$7,673.55
Reductions to Balance:	\$7,673.55
Additions to Balance:	\$5,120.48
Current Balance:	\$5,120.48

Recent payments may not be reflected in your current balance. If you have already sent us your payment, we apologize for the inconvenience and thank you for your payment. To check the current status of your account and make your payment on-line, please visit [www.unemployment.ohio.gov](http://www.unemployment.ohio.gov).

Date	Transaction Type	Description	Total
10/22/2011	Benefit Charges Assessed	Sep2011	\$5,120.48
10/26/2011	Payment Received		\$7,673.55

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### Unemployment Compensation Tax Billings and Credits

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- **Untimely Reports**
  - Forfeiture is assessed for untimely reports.
  - Forfeiture is equal to 0.25% times the total remuneration reported.
  - Forfeiture is a minimum of \$50 and a maximum of \$1,000 per untimely quarter.

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Unemployment Compensation Tax  
Billings and Credits

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- Interest
  - Employers are assessed interest on the 1<sup>st</sup> of every month until the balance shown on the **Reimbursing Employer's Monthly Statement** is paid in full. Forfeiture due to untimely filing of quarterly reports is also subject to interest.
  - Interest accrues at an annual rate of 14%, compounded monthly.
  - Waivers of forfeiture and interest may be granted under special circumstances.

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Unemployment Compensation Tax  
Billings and Credits

17

- Credits
  - Credits are the result of repayments of erroneously paid benefits or an offset of another claim.
  - While credits do appear on the **Notice of Benefits Paid or Charged to Employer**, they do not appear on **Reimbursing Employer's Monthly Statement**.
  - Credits are offset against charges issued for the month and are used to reduce a prior month's balance if the credit is larger than the current month's charges.

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Unemployment Compensation Tax  
Contact Information

18

**ERIC**  
<http://unemployment.ohio.gov>  
[ASKERIC@jfs.ohio.gov](mailto:ASKERIC@jfs.ohio.gov)

**General Information**  
 Finance: 614-466-2319, Option 1, Ext. 22482

<p><b>Jim Durbin</b>  <a href="mailto:james.durbin@jfs.ohio.gov">james.durbin@jfs.ohio.gov</a>          614-644-3709</p>	<p><b>Cherie Caldwell</b>  <a href="mailto:cherie.wheeler-caldwell@jfs.ohio.gov">cherie.wheeler-caldwell@jfs.ohio.gov</a>          614-466-7191</p>
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***Employer Guide to  
Unemployment Compensation***

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PRESENTED BY  
THE OFFICE UNEMPLOYMENT  
INSURANCE OPERATIONS

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What Happens When Former  
Employees File?

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- Displaced workers apply online or by phone to a call center.
- Information is entered into the Ohio benefits system known as the Ohio Job Insurance (OJI) database.

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Fact-Finding

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- A request for separation information is sent to the most recent **employer(s)**.
- The employer(s) has 10 days to respond.
- The employer response to fact-finding should provide thorough information for the separation to be properly adjudicated.

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Monetary Requirements

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- The claimant must have a minimum of 20 weeks covered employment in the base period.
- There is a required minimum Average Weekly Wage for the base period weeks of covered employment. (In 2016, that minimum is \$243.)
- The claimant must be unemployed at the time of filing.
- There must be a qualifying separation; i.e. claimant was not discharged from recent employment for just cause nor quit without just cause.

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Number of Benefit Weeks

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A claim is open for 52 weeks to withdraw from 20 to 26 weeks of basic benefits

Qualifying Weeks	Benefit Weeks
20	20
21	21
22	22
23	23
24	24
25	25
26 or more	26

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2016 Maximum Weekly Benefits

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Class	# of Deps	Max WBA	Min AWW
A	0	\$435	\$ 870
B	1-2	\$527	\$1,054
C	3 +	\$587	\$1,174

Average Weekly Wage - \$243.00

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Payments

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- Ohio law requires a one week waiting period to be served after filing the initial application.
  - A waiting week is the first claimed, payable week held back and not paid.
- The first benefit payment may be received within 3-4 weeks of the application, if the claim and the waiting week are allowed.

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Nonmonetary Adjudication

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- If the reason for separation from employment is other than a lack of work layoff, Processing Center staff conduct fact-finding and adjudicate the separation issue.
- A written decision is sent to all interested parties whether the claim is allowed or denied.
  - **Interested Parties** (in addition to claimant) may include any official or authorized employee of the employer, the employer's attorney, or any other authorized representative (e.g., a third party administrator).

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Nonmonetary Adjudication

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- If the claim is allowed, it is still possible for weeks affected by an eligibility issue to be disallowed.
- If specific weeks are denied the employer may or may not be an interested party.
- All interested parties are given a 21-day appeal period.

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Earnings - Example

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Based on a weekly benefit amount of \$200.00

Gross earnings for the week	\$ 95.23
Minus earnings exemption (20% of \$200.00)	- 40.00
Adjusted earnings	\$ 55.23
Weekly benefit amount	\$200.00
Minus adjusted earnings	- 55.23
Benefits paid (and potentially charged) are rounded to the nearest dollar.	\$144.00

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Eligibility Notice

29

- Any base period employer or subsequent employer who has knowledge of specific facts that affect any claimant's rights to receive benefits for any week may notify the department.
- In addition to deductible income, an eligibility notice could include information about a claimant's ability to work or availability for work.

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Eligibility Notice  
Validity Requirements

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1. The information must be provided in writing.
2. The informant must have first-hand knowledge of the information.
3. The notice must provide the name and a method for contacting the informant and, if different, the source.
4. The notice must provide specific and detailed information that is potentially disqualifying.
5. The notice must appear to be reliable and credible.

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### Eligibility Notice Requirements

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- All five validity criteria must be met in order for the employer to be an interested party to a determination resulting from the issue that was raised.
- In addition to being valid, an eligibility notice must be timely.

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### Eligibility Notice

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The screenshot shows a user interface for reporting a potential claimant eligibility issue. The page title is 'Reporting Potential Claimant Eligibility Issue'. Below the title, there are several menu items: 'View Benefit Charge Statements', 'View charges by date (weekly/monthly)', 'View charges by claimant (SSN)', 'Download Files', 'Download Charge Statement or Sub-Pay file', and 'Report Potential Claimant Eligibility Issue'. A red arrow points to the 'Report Potential Claimant Eligibility Issue' link, which has a sub-link that says 'Submit a detailed statement regarding a claimant's eligibility for unemployment benefits'.

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### Appeal Rights

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- Both the claimant and the employer receiving an unemployment determination are entitled to due process.
- If you disagree with an initial decision, you may file an appeal within 21 calendar days of the date the determination was issued.
- With that appeal, include the date of the determination, the determination ID number, and the reason(s) for disagreement.

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Appeal Rights

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- Included in any determination are instructions on how to file an appeal.
- An appeal may be filed online at **unemployment.ohio.gov**, by mail, or by fax and must be filed timely.
- Written notification will be sent to all interested parties upon receipt of an appeal.

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Redetermination

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- If an interested party appeals an initial decision, a Redetermination decision is sent to all interested parties.
- There is a 21-day appeal period.

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Further Levels Of Appeal

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- Unemployment Compensation Review Commission (UCRC) Hearing Officer
- UCRC for a full commission review
- The Court system

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**UCRC Hearing Officer**

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- Once issued, a redetermination can be appealed.
- If further appealed, all interested parties will receive a notice of transfer to the UCRC.
- A request for an in-person hearing must be received within 10 days of the notice.
- Most hearings are conducted by telephone.

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**UCRC Hearing Officer**

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- At the Hearing Officer level, you must attend the hearing and will be placed under oath.
- At that time, you should provide:
  - Any witnesses
  - Documentation
  - Relevant policies and procedures, etc.

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**Request for UCRC Review**

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- A timely appeal can be instituted to the three member commission within 21 days of the redetermination decision.
- At the review level, the commission may affirm, modify, or reverse a hearing officer's decision or remand the decision to the hearing officer level for further hearing.

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Court

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All subsequent appeals must be filed through the court system:

- Court of Common Pleas – No new evidence is allowed at this level
- Court of Appeal
- Ohio Supreme Court
- U.S. Supreme Court

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Employer Charges Mutualized Account

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- Separate and apart from the accounts of the individual employers
- Based on a mutualized tax collected at a uniform rate from all contributory employers
- Benefits paid to claimants that are not properly chargeable to individual employers are deducted from this account.
- Under certain circumstances, an appeal is required to cause charges to be mutualized.
- *Remember – An Employer who is "Reimbursing" can ONLY have charges mutualized if a decision is received from a court ruling.*

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Potential Fraud

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- 90% of fraud is detected by UC Wage Record and new hire cross match.
- 10% is due to eligibility tips and informers.
- Outstanding overpayments beyond 45 days of the final decision date are now certified to the Attorney General's office for more aggressive collection.

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