Unemployment Insurance 101
A Basic Glossary of Terms

"ABLE AND AVAILABLE"
In order to continue receiving unemployment insurance (UI), most workers must prove that they are still part of the labor force by showing that they are actively looking for work and thus, "able and available" to work at a job for which they are qualified.

BASE PERIOD
When the UI system determines an individual's eligibility for benefits, the state looks at four quarters of past earnings—called the base period. The base period usually covers the first four of the last five completed calendar quarters. States with an **alternative base period** (ABP) count a worker's most recent earnings, if a worker is ineligible under the regular base period. Without ABP, up to six months of recent earnings are not included in the base period.

AVERAGE HIGH COST MULTIPLE (AHCM)
The standard gauge of the solvency of a state's UI trust fund, AHCM measures the number of years a state could afford to pay UI benefits during a recession without taking in any additional revenue. For example, a .75 (75 percent of one year) value means that a state has enough money to pay nine months of recessionary benefits. A value of 1.0 or more is a gold standard and results in a state being able to pay a whole year's benefits.

BENEFIT YEAR
The period when a given worker's weekly rate and duration of benefits starts (beginning with the day the worker first applies for UI). A worker is only entitled to payments for the specified benefit year if he or she goes on UI and is quickly re-employed and laid off again.

EXTENDED BENFITS (EB)
Extended benefits (EB) is a permanent program that pays up to 13 weeks of extended benefits to workers in states with a 5 percent insured unemployment rate (several states have adopted the more effective 6.5 percent total unemployment rate trigger). The cost of the EB program is equally shared by the federal UI system and each state's UI system. Since this EB trigger is not very effective, Congress has passed emergency programs, most of them completely funded by the federal government, during the last two recessions. The 2002 program is called Temporary Extended Unemployed Compensation (TEUC).

EXHAUSTIONS
This term refers to UI recipients who "run out" of benefits before they return to work. Also called "final payments," they are the last payment to which workers are entitled.

EXPERIENCE RATING
Experience rating is the UI tax structure that seeks to distribute the costs of UI to employers who cause the most unemployment. Under experience rating, companies with greater lay-off histories generally pay higher UI taxes.

"GOOD CAUSE" and VOLUNTARY QUITS
Workers who "voluntarily" quit their jobs are disqualified from receiving benefits unless they can demonstrate "good cause" for leaving. The broadness of "good cause" exceptions varies widely from state to state, including employment-related reasons (shift changes or compulsory retirement) and personal reasons (domestic violence or illness). In most states, a worker denied benefits because of voluntary quit rules cannot again qualify for UI unless he or she first becomes re-employed for a given period of time. In other states, the worker can still receive benefits, provided he or she serves a disqualification period.

INSURED UNEMPLOYMENT RATE (IUR)
The IUR is the percentage of all workers covered by the UI program who have received benefits in the last quarter. It does not include workers who have exhausted their regular benefits and may be receiving federal extended UI. Programs providing additional weeks of benefits to "high unemployment" states, including EB and TEUC, are linked to the IUR.

MISCONDUCT
In order to receive UI benefits, fired workers must show that they were not fired for misconduct. Definitions of misconduct vary from state to state and different periods of ineligibility may apply, depending on the severity of the misconduct. Typically, misconduct is defined as "deliberate misconduct against the employing unit's best interest." Neither workers fired simply for poor performance nor capriciously fired workers should be denied UI benefits.

MONETARY ELIGIBILITY
To qualify for UI, unemployed workers must meet a state-specific requirement of recent earnings and/or minimum hours or weeks worked (such as minimum earnings in a high quarter, average wages, or minimum weeks or hours worked).

NON-MONETARY ELIGIBILITY
Non-monetary eligibility is the component of UI eligibility that deals with requirements unrelated to earnings and hours, most often referring to whether the worker has quit for "good cause" and is "able and available" for "suitable work."

PARTIAL UI
Partial UI is the practice in which certain part-time workers can receive some UI benefits while they are working.

RECIPIENCY RATE
The standard measure of the coverage of the UI system, it is equal to the percentage of unemployed workers who receive UI benefits (computed as insured unemployment) divided by total unemployment (the IUTU ratio).

SUITABLE WORK
Workers on UI are allowed to limit their job search to "suitable work"—jobs that fit their skills, personal circumstances, and the "prevailing conditions of work" in the community.

TAXABLE WAGE BASE
Refers to the amount of taxes an employer pays on an employee's earnings. An employer's UI payroll taxes only apply to a limited portion of a worker's earnings, a minimum of $7,000 for federal and state taxes. States often impose a higher level for state taxes.

UNEMPLOYMENT TRUST FUND

UI expenses are paid out of separate accounts, funded solely by UI taxes. State trust funds are funded by state UI payroll taxes and pay for regular UI benefits. UI administration, extended benefits, and loans to states are paid by a federal trust fund supported by a flat 0.8 percent tax on the first $7,000 of worker earnings (FUTA taxes).

WAITING WEEK

In most states, workers are not allowed to receive a UI check for their first week of unemployment. So unless they remain unemployed for the entire 26 weeks they are eligible to receive state UI benefits, unemployed workers collect one fewer week of benefits.

Note:

For more detailed definitions or for additional information, refer to the

U.S. Department of Labor Office of Workforce Security's Data Glossary:

http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum02/2ndqtr/gloss.asp OR

Comparison of State UI Laws:

http://www.workforcesecurity.doleta.gov/unemploy/comparison.asp