

**Massachusetts Executive Office of
Labor and Workforce Development**

Department of Unemployment Assistance

The Employer's Guide to Unemployment Insurance



Message to Massachusetts Employers

Unemployment Insurance (UI) provides Massachusetts workers with a valuable benefit – temporary income protection, training, and professional support during periods of unemployment and uncertainty. Employers like you play an important role in providing these benefits to Massachusetts workers. Employers fund the UI program, and serve as a resource for unemployed workers seeking UI benefits.

Given the vital role that you play in providing UI, the Department of Unemployment Assistance (DUA) – the Massachusetts agency that administers UI – is committed to helping you understand the Massachusetts Unemployment Insurance law. This Employer Handbook is intended as a guide to help you navigate our policies and procedures. Within, you will find information on:

- History and background of UI law
- Determining whether you are required to contribute to the UI Trust Fund
- Determining who is eligible for UI benefits
- Registering your account on UI Online
- Understanding your responsibilities in processing claims and appeals
- Determining your contribution rates
- Understanding DUA correspondences
- Contacting DUA

Through our online system, UI Online, you can view complete and up-to-date account information, update account and demographic data, process wage and employment reports, calculate and pay taxes, view benefit charges and rate notices, and designate third-party administrators to manage activities on your behalf.

If you still have questions after reviewing this guide, we encourage you to visit our website at www.mass.gov/dua or call DUA at 617-626-5075 for revenue-related questions, or 617-626-6800 for claimant benefits-related questions.



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The Employer’s guide to Unemployment Insurance law

This guide is published by the Massachusetts Department of Unemployment Assistance to help the Commonwealth’s employers understand their rights and responsibilities under the state’s Unemployment Insurance Law (Chapter151A of the Massachusetts General Laws). The information in this guide is general in nature and does not have the effect of law or regulation. You may find information on federal employment laws at <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleXXI/Chapter151A>.

Note: Throughout this booklet, Unemployment Insurance may be referred to as UI and the Department of Unemployment Assistance as DUA.

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Unemployment Insurance in Massachusetts

This chapter contains information on:

- The legal background and history of UI
- The role of DUA in administering the UI program
- Employer support programs such as WorkShare, Economic Data Program/MassStats, and Medical Security Plan
- DUA's enforcement capacity and fraud detection functions



Unemployment Insurance and the law

The Unemployment Insurance (UI) program is an economic stabilization program designed to provide a safety net for individuals that lose their jobs due to no fault of their own. The program provides benefits to unemployed workers and funds these benefits by contributions based on the experience history of the employer. The experience history refers to the amount of unemployment insurance paid in prior years and the number of employees laid off since the employer started doing business in Massachusetts.

The Social Security Act of 1935 (Public Law 74-271) created the Federal-State Unemployment Insurance program. The United States Department of Labor (USDOL) oversees the system, but each state administers its own program. Federal law defines the District of Columbia, Puerto Rico, Guam, and the Virgin Islands as states for the purposes of UI.

How DUA supports you

DUA offers several programs designed to support business during times of hardship, including:

- **WorkShare** – If you are experiencing a temporary slowdown in your business, WorkShare helps you reduce your payroll costs while maintaining your valued workforce
- **Rapid Response** – A resource to help you develop strategies for maintaining a skilled workforce during periods of transition
- **Recruiting and hiring** – If you need to hire workers, we can help you through the One-Stop Career Centers administered by the Department of Career Services (DCS). Business service representatives work with local employers to post jobs, recruit qualified candidates, and job fairs
- **Workforce Training Fund Program** – If you pay into the Workforce Training Fund (WTFP) with your quarterly UI contribution, you can apply for training grants to train incumbent workers. Grants are approved based on eligibility and other factors. UI recipients participating in DUA-approved training programs may have their benefits extended up to 26 weeks while still in training
- **Labor Market Information (LMI)** – Information on current economic trends such as population, employment, wages, economic indicators, and industry projections are published regularly. MassStats is an interactive web-based tool available 24x7 to access this information.

Maintaining the integrity of the UI program

Protecting the integrity of the UI program is a responsibility DUA takes seriously. Through our Program Integrity Department, DUA focuses on the prevention, detection, investigation and prosecution of those who defraud or attempt to defraud the UI program. We achieve this through the following:

- **Wage and payment comparisons:** We regularly compare wage records reported for income tax purposes with the payment records of UI recipients. This helps prevent those who are working full-time from receiving UI benefits. In addition, this encourages those who work part-time while receiving UI benefits to report their wages accurately to DUA
- **New hire report reviews:** Our office reviews the Department of Revenue's (DOR) report of workers added to employers' payrolls. This new hire report is used to verify that claimants who return to work do not continue to receive benefits. Workers and employers must be aware that eligibility for UI benefits ends when an individual resumes full-time work
- **Inter-agency record reviews:** We frequently match our records with those of other state and federal agencies including the Social Security Administration, the Department of Homeland Security, the Department of Corrections, and others
- **Benefits recovery:** Our program makes every effort to recover overpayment of benefits through the interception of Federal and Massachusetts state income tax refunds, the offsetting of any future UI benefits that might be claimed, and monthly billing
- **Prosecution:** We engage in criminal and civil prosecutions
- **Financial charges:** DUA levies a 12% annual interest charge against any outstanding overpayment balance if the claimant was determined to be at fault for the overpayment

You can help prevent fraud

Contact DUA if you have information about possible UI fraud.

Email	Phone
uifraud@MassMail.State.MA.US	800-354-9927

2 How Unemployment Insurance works

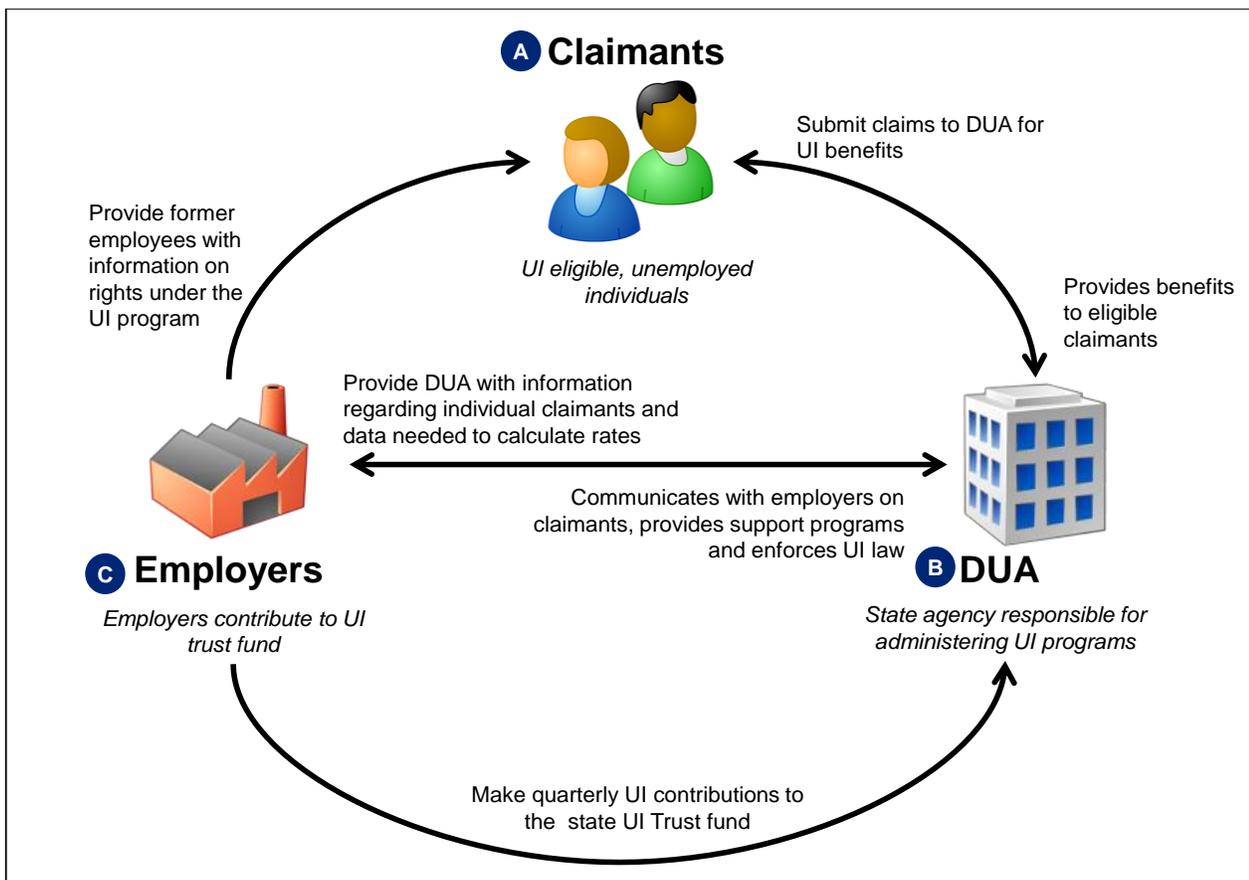
- This chapter contains information on:**
- How DUA determines eligibility for UI
 - The role of DUA in administering benefits and managing the UI program
 - Guidelines on employer participation in UI
 - State UI Trust Fund



The UI system in action

The Unemployment Insurance system is complex, involving three primary sets of actors: claimants, employers, and DUA. The graphic below illustrates how these actors interact.

The UI System



A. Claimants

With some exceptions, the unemployment insurance program covers most workers in public, private, and non-profit (organizations holding 501(c)3 status) sectors.

The following workers are not covered under UI:

- Workers who provide services performed for churches and certain religious organizations
- Workers under 18 who work for their mother or father; or by an individual for his or her daughter, son, or spouse
- Students participating in work-training programs administered by a non-profit or public educational institution
- Workers who are notified at the time of employment that unemployment insurance is not provided because they are part of a student financial aid assistance program provided by a school, college, or university where the student/employee attends classes, or similar employment for the student's spouse
- Real estate brokers or salespeople licensed by the state and paid solely by commission
- Insurance agents or solicitors paid solely by commission (except industrial life insurance agents)
- Sole proprietors and members of partnerships, including single-member LLC's or LLP's
- Independent contractors (DUA determines the potential eligibility of workers treated as independent contractors)
- Self-employed individuals working independent of the direction and control of an employer
- Certain employees of state and local governments, such as elected officials; members of a legislative body or of the judiciary, emergency employees hired during a disaster, inmates in custodial or penal institutions, and members of the Massachusetts National Guard or Air National Guard

B. DUA

DUA administers the Unemployment Insurance program, providing temporary assistance to unemployed Massachusetts workers. As part of our mandate we provide services and programs to unemployed workers in the form of unemployment benefits and programs to assist with reentry to work. In addition, we provide services and support programs for you.

Our mission includes:

- Paying all UI and related claims timely and accurately
- Protecting the integrity of the UI trust fund through advanced integrity efforts
- Promoting safeguards and practices to ensure privacy of customer satisfaction
- Improving re-employment efforts
- Calculating UI rates and deposit contributions timely and accurately
- Employing advanced methods and systems for collecting and reporting data

C. Employers

All unemployment benefits paid through the regular UI program are funded through employer contributions (extended unemployment compensation is funded by the Federal government). Generally, if you are a private, for-profit employer, the Massachusetts Unemployment Insurance law requires you to contribute to the UI Trust Fund if your business meets the following conditions:

- You have employees working one or more days in 13 weeks during a calendar year. The weeks of employment need not be consecutive nor must the employees remain the same
- You pay wages of \$1,500 or more in any calendar quarter

For certain types of employers, different thresholds must be met before they are required to make UI contributions. These include agricultural employers, domestic workers, and out-of-state employers. Please review the next table for more information on thresholds related to your business (if applicable).

Special threshold categories

Agricultural	Domestic Workers	Out-of-State Employers
<ul style="list-style-type: none">▪ An agricultural employer becomes liable for UI contributions once either of the following conditions have occurred: total cash wages of \$40,000 or more in any calendar quarter have been paid or 10 or more individuals were employed on any day in each of 20 weeks in a calendar year	<ul style="list-style-type: none">▪ An employer of domestic workers, including nurses and personal care attendants, becomes liable for UI once \$1,000 or more has been paid in any calendar quarter. This category also includes private homeowners, clubs, college fraternities and sororities	<ul style="list-style-type: none">▪ Out-of-state employers are subject to the law once a Massachusetts payroll amount of \$200 or more has been reached in a calendar quarter

In addition to the factors on the previous page, DUA considers such factors as the type of legal entity of the business, the type of management structure, and the location of where the work was performed in determining whether an organization is required to contribute to UI, such as:

For a sole proprietor	For a partnership
<ul style="list-style-type: none"> ▪ Wages paid to the owner of a sole proprietorship are exempt from contributions ▪ The spouse of a sole proprietor is exempt from contributions ▪ Children of a sole proprietor under age 18 are exempt from contributions 	<ul style="list-style-type: none"> ▪ Wages paid to the partners of a partnership are exempt from contributions ▪ Children under 18 of the partners must be of equal relationship to each partners to be exempt from contributions ▪ Parents of partners must be of equal relationship to each partner to be exempt from contributions

3 Determining eligibility and benefits

This chapter contains information on:

- Determining who may be eligible for benefits
- DUA's framework for calculating monetary benefits
- Describing the impact of separation and severance pay on employee eligibility and benefit amounts
- Outlining the typical duration of benefits



Determining eligibility for benefits under the UI program

Eligibility for UI benefits is based upon three sets of criteria: wages, reason for employment separation, and intent to work.

UI Benefits eligibility requirements

Wages	Reason for separation	Intent to work
<ul style="list-style-type: none"> ▪ Wages of at least 30 times the claimant's weekly benefit amount (generally about 15 weeks of employment) and no less than \$4,300 during the Primary Base Period (last four completed calendar quarters preceding the effective date of a claim) <p>OR</p> <ul style="list-style-type: none"> ▪ Wages of at least 30 times the weekly benefit amount and no less than \$4,300 during the last three completed calendar quarters and the partial calendar quarter (Alternate Base Period) in which the claim was filed 	<ul style="list-style-type: none"> ▪ Totally or partially unemployed through no fault of their own ▪ Discharged for reasons not related to deliberate misconduct or violation of an employer rule or policy ▪ Quit involuntarily, or for an urgent and compelling reason 	<ul style="list-style-type: none"> ▪ Capable of work ▪ Available for work ▪ Engaged in an active search for work during each week for which benefits are claimed

Factors that can lead to ineligibility for UI benefits

Claimants may be denied Unemployment Insurance benefits if they are unemployed for the following reasons:

UI ineligibility factors

- Quitting a job voluntarily without good cause attributable to the employer
- Being discharged by the employer for deliberate misconduct or a knowing violation of a reasonable and uniformly enforced rule or policy of the employer
- Losing a job due to conviction of a felony or misdemeanor
- School employees and professional athletes who have a reasonable assurance of work in the next academic year, term or season cannot receive benefits between school years or athletic seasons
- Taking a seasonal break. A worker that files a claim against a Certified Seasonal employer may not be able to use the wages earned from that employer to establish a claim. Seasonal workers employed by employers who have applied for and received certification from DUA may be ineligible for benefits unless they become unemployed during the season for which they are hired. To qualify for certification a seasonal business must be in operation fewer than 20 weeks or a non-seasonal business must employ workers in one or more functionally distinct job titles for fewer than 20 weeks. To apply for seasonal employer certification call 617-626-6350.
- Individuals may be ineligible for benefits for any period covered by the receipt of vacation pay, pay in lieu of dismissal notice, continuation pay, severance pay, termination pay, or Workers Compensation for total temporary disability. Vacation pay without a definite or tentative date to return to work and severance payments made contingent on the signing of a release of claims or following a plant closing are not disqualifying
- Individuals who are not capable of working, not available for work, or not actively seeking work are not eligible to receive Unemployment Insurance benefits. The law provides for the payment of benefits for not more than three weeks per year during which the claimant is unable to work due to illness
- Individuals may be disqualified for failing, without good cause, to accept an offer of suitable work or failing to respond to an employer's callback
- Employees participating in a labor dispute (i.e., strike) that results in a substantial curtailment of the employer's business do not qualify for benefits
- Individuals who are working in self-employment on a full-time basis do not qualify for benefits

Calculating a claimant's weekly benefit amount

DUA determines a worker's weekly payment based primarily on several factors:

1. Worker's wages
2. Pension benefits
3. Part-time or reduced wages

1. Worker's wages

A worker's weekly benefit amount is calculated according to the following:

- Wages from all employers who are subject to UI law for whom the claimant worked during the base period (last four completed calendar quarters preceding the start date of a claim) are used to determine the amount of the weekly benefit and the duration of benefits
- The two base period quarters during which the claimant earned the most wages are used to calculate an average weekly wage. To do this, the two high quarters are added together and the total amount is divided by 26 (the number of weeks in two quarters), to arrive at an average weekly wage
- If the claimant only worked in one or two quarters in the base period, the highest quarter of wages is divided by 13 (the number of weeks in one quarter) to establish the average weekly wage
- The maximum benefit rate is then divided in half to derive the weekly benefit amount. This amount cannot exceed the maximum weekly benefit amount set annually by DUA

In most cases, there are enough wages paid in the primary base period to determine a claimant's eligibility for benefits. However, when a claimant is ineligible using the primary base period, the alternate base period will be used. The alternate base period is the same formula that is used to determine the benefit amount regardless of the base period.

To be eligible, the claimant must have total base period wages of at least 30 times the potential weekly benefit (approximately 15 weeks of employment) and \$4,300 in the base period.

The total amount of benefits available to the claimant is the lesser of 30 times the weekly benefit amount, or 36% of total base period wages.

Once filed, a claim is effective for up to one year. This is called the benefit year. A worker can become unemployed, establish a claim and receive benefits for several weeks before returning to work. If the worker becomes unemployed again during the benefit year, the existing claim must be reopened to resume receiving benefits. The claimant must have become unemployed under non-disqualifying circumstances. Once a claimant has received the maximum benefits in a benefit year, a new claim may not be filed until the benefit year has ended, even if the worker has additional wages.

2. Pension benefits

The receipt of some pensions may require a reduction in the weekly benefit payable to the recipient. The reduction can range from nothing at all to an amount exceeding the actual benefit amount.

- No reduction is made based on the receipt of a Social Security retirement benefit. Similarly IRA, Keogh, Railroad Retirement Annuities, lump sum pension payments made prior to the base period, or lump sum distributions that are rolled over into a retirement account within 60 days of receipt have no effect on benefit entitlement
- If both the employee and employer contributed to the retirement fund, the reduction in the benefit amount will be based on 50% of the retirement benefit received
- If only the employer contributed to the retirement fund, the reduction in the benefit amount will be based on 100% of the retirement benefit received

3. Part-time or reduced wages

An employee whose work schedule has been reduced or who has obtained part-time work while receiving UI benefits may claim partial benefit payments. The claimant must report any wages from part-time work to DUA. Such wages are subject to verification through the matching of UI benefit records with wage records provided by employers.

A claimant may earn up to one-third of his or her weekly benefit amount and still receive the full UI benefit. This is called the "Earnings Disregard". Wages in excess of the one-third limit result in a dollar-for-dollar reduction in the weekly UI benefit payment.

The impact of severance or separation pay

During a period of downsizing, some employers provide severance or separation pay to affected workers. Different types of payments can affect a worker's eligibility for UI benefits. Workers receiving separation payments are usually not eligible to receive UI benefits for the period covered by the separation pay. Whenever a worker's eligibility is delayed for one or more weeks due to the receipt of separation pay, the benefit year is extended by the same number of weeks so that the worker has a full 52-week benefit year to collect available benefits.

Severance pay, separation pay, or pay in lieu of dismissal notice are all generally disqualifying under the law, however there are exceptions. The following table describes different types of severance or separation pay and their impact on eligibility and benefits.

Severance and Separation Pay Information

Type of pay	Impact on benefits
<p>1. Payment for a release of claims</p>	<p>A payment for a release of claims is a payment made by the employer to the employee that is conditioned on the employee signing a document releasing the employer from liability for any legal claims that the employee might have against the employer. These payments differ from separation payments even if the amount of the payment is based on the length of the employee's service. The primary purpose of a payment contingent on the signing of a release is to obtain the signed release and not as compensation to the employee for services rendered.</p> <p>A release may be limited to one or more specific claims, for example an age discrimination or sexual harassment claim, or it may be broadly written to cover any or all such claims whether known or unknown at the time.</p>
<p>2. Severance or separation payments made pursuant to a plant closing</p>	<p>Severance or separation pay may not be disqualifying if it is paid in a lump sum in connection with a DUA-certified plant closing. To determine whether such a payment is disqualifying, the standards applied to certify a plant closing are:</p> <ul style="list-style-type: none"> ▪ The facility at which the claimant worked must have employed at least 50 workers within the 6 months prior to the claimant's separation ▪ The layoff or closing must result in the permanent separation of at least 50% of the employees at the facility <p>DUA is responsible for certifying plant closings to determine UI benefit eligibility. If you believe your business will experience a downsizing of 50% or more of your workforce, you may contact the DUA's UI Performance Department at 617-626-6422.</p>
<p>3. Accrued sick leave</p>	<p>Accrued sick leave paid to a separating employee is not disqualifying and will not impact receipt of UI benefits.</p>
<p>4. Vacation pay</p>	<p>Accrued vacation pay issued to an employee at the time of a permanent or indefinite separation will not impact the employee's receipt of UI benefits. Vacation pay issued to an employee during a temporary layoff with a definite or approximate date of recall is disqualifying for the period to which the vacation and/or holiday pay can reasonably be applied.</p>
<p>5. Stay bonus</p>	<p>A stay bonus or incentive bonus is a payment made to employees who agree to remain employed until a specified date and is not disqualifying provided that such bonus is not based on past years of service. A stay bonus based on previous service years is disqualifying.</p>

Claiming dependents

A dependency allowance of \$25 per week is added to the basic benefit amount for each dependent child who is:

- Up to 18 years of age, unless the child is a student
- Up to 24 years of age if the dependent is a full-time student
- Of any age if incapable of earning wages because of physical or mental disability

There are additional eligibility criteria and verification requirements for dependency allowances in order to ensure that they are properly paid. The total weekly amount of dependency allowances cannot exceed 50% of a claimant's weekly benefit amount. To qualify for the allowance, the dependent child must be wholly or mainly supported by the claimant.

The duration of benefits

Regular UI benefits can last up to 30 weeks. When a reduced benefit is paid to a claimant who works part-time, the period of eligibility can be extended beyond 30 weeks until all available benefits are exhausted or the benefit year expires.

Extended Unemployment compensation

During periods of high unemployment, additional programs may provide for extended benefits. Extended benefit programs are either fully or partially funded by the federal government. When extended benefits are available, the Unemployment Insurance law requires a reduction in the maximum number of weeks from 30 to 26.

4 UI and your business

This chapter contains information on:

- Setting up your UI Online account
- DUA’s policy on using Third Party Administrators
- Navigating situations involving employee leasing companies and business transfers
- Specific business requirements for DUA



Getting started

Registering your business with DUA and setting up an account for UI Online is an important part of managing your UI obligations. You will use UI Online to conduct most, if not all, UI-related transactions with DUA. The following section describes how to get started if you are a registered business but do not have an online account and if you are a new employer that is registering and setting up an account for the first time.

How to Get Started

I AM registered with DUA but do not have a UI Online Account	I AM NOT registered with DUA and do not have a UI Online Account
<ul style="list-style-type: none"> ▪ All employers registered with DUA prior to December 7, 2009 must activate their account using existing account information before using UI Online ▪ Activate your account using the following information: <ul style="list-style-type: none"> ○ Activation Password (If you no longer have this information, please call 617-626-5075) ○ Federal Employer Identification Number (FEIN) ○ Name and contact information ○ Social Security Number (SSN), home address, and telephone number of the business owner or chief corporate officers 	<ul style="list-style-type: none"> ▪ Visit our website at www.mass.gov/dua and select UI Online for employers to register for an employer account number (EAN) ▪ Pay quarterly contributions for your first subject quarter regardless of the date on which you register

Tips for setting up a UI Online account:

- It is recommended to use Mozilla Firefox or Safari as a web browser.
- If you use Microsoft Internet Explorer (IE) 10, turn on your Compatibility View and add our website to trusted sites.
- Clear your browser cache, delete any previous cookies, IE history, and temporary internet files, as these may interfere with your login
- Turn off the pop-up blocker for our site.
- Do not open additional browser windows during your session with our website
- Visit www.mass.gov/dua or call 617-626-5075, Monday to Friday from 8:30 a.m. to 4:30 p.m. for additional assistance

Managing your UI responsibilities

Once you have registered and set up an account with UI Online, you will be better equipped to manage your UI responsibilities efficiently and effectively. These responsibilities include:

1. Maintain your account
2. File your quarterly Employment and Wage Detail reports
3. Make timely UI payments
4. Participate in benefit determinations
5. Keep accurate payroll and time records
6. Track benefit charge activities
7. Correspond with DUA
8. Correspond with workers

1. Maintain your account

Maintenance of accurate account information, including your address, liability, revival, suspension, and users is your responsibility even if you have assigned a third-party administrator to the account maintenance role. Current contact information helps DUA serve you more efficiently. It is important that you update legal, physical, mailing and electronic address information in order to receive our correspondence in a timely manner. All contact information should be updated using UI Online. Each time you update your address information, remember to click on the link *Correspondence Preferences* located at the bottom of the address page to verify this information.

2. File your quarterly Employment and Wage Detail reports

All employers required to participate in the UI system (also referred to as a subject employer) must file an Employment and Wage Detail report online at www.mass.gov/dua each calendar quarter. Employers must file the Employment and Wage Detail report and pay contributions in full by the quarter due date to avoid interest and penalties. When a quarterly Employment and Wage Detail report is not submitted to DUA as required, the amount of liability will be assessed at 150% of the highest filed quarter.

Interest will accrue on unpaid principal at the rate of 12% per year from the quarter due date until fully paid. Employer records will be periodically subject to an audit performed by a DUA representative. If necessary, collection activities may include estimation of liability and interest, property liens, intercept and levies upon bank accounts.

3. Make timely UI payments

Massachusetts UI payments are due within one calendar month from the end of each calendar quarter. These due dates are:

Quarter	Due Dates
Quarter 1	April 30
Quarter 2	July 31
Quarter 3	October 31
Quarter 4	January 31

For governmental or non-profit employers using the reimbursable method, benefit charges are billed monthly and are due within 30 days.

4. Participate In benefit determinations

When an unemployed worker files for benefits, employer participation is required in order for DUA to make accurate and timely UI benefit determinations. Quarterly wage information reported to DUA is the primary source for determining monetary eligibility. Individual requests for wage data are required if a claimant is determined ineligible using quarterly wage information or if that wage information is incomplete for the base period. In addition, employers must furnish DUA with the cause of the former employee's separation and any other information, such as pensions and severance, which might affect eligibility.

Keep accurate payroll and time records

You must make and keep copies of all reports, worksheets and other backup data for a period of four years from the filing date in case of an audit. The information you supply is confidential and for the exclusive use of DUA in the administration of UI law. Upon request, a worker or their authorized representative may obtain information concerning his or her claim records. Be sure to keep payroll and time records in a format that enables you to provide them to DUA in order to determine the wages paid to each employee on a calendar week basis (Sunday through Saturday) and whether a week's wages were for less than full-time employment.

5. Track benefit charge activities

You are responsible for monitoring benefit charges. You can do this by:

- Downloading and viewing monthly Benefit Charge Statements directly online
- Viewing historical unemployment benefit charges and adjustments by calendar year online from January 1 to December 31, and rated year from October 1 to September 30 (contributory employers only)
- Protesting benefit charges that you believe are not accurate if you have responded to all requests for information timely

6. Correspond with DUA

You are responsible for notifying the DUA TeleClaim Center when:

- A work stoppage due to a labor dispute has occurred. Notice must be given within 48 hours after the beginning of the stoppage you must supply the details and the number of employees involved
- A worker is recalled to work after a lay-off but fails to report

Please contact the DUA TeleClaim Center at:

- 877-626-6800 from area codes 351, 413, 508, 774, and 978
- 617-626-6800 from any other area code

7. Correspond with workers

You must provide employees with the following information on UI by:

- Posting a copy of the DUA form 2553-A “Information on Employees’ Unemployment Insurance Coverage” which informs employees of their right to apply for benefits and of their coverage under UI Law
- Distributing to separated employees a copy of the DUA Form 0590-“A How to File for Unemployment Insurance Benefits”. This pamphlet helps expedite the filing of claims by providing DUA with accurate information regarding your legal name, address, account number, and records location. Both the poster and the pamphlet are available in English, Spanish, Portuguese, Chinese, Vietnamese, Haitian-Creole, Laotian, Khmer, Russian, and Italian
- Visiting: www.mass.gov/lwd/unemployment-insur/forms-and-publications/workplace-posters/ to download copies of DUA forms. The web versions are PDF files with text boxes that you can customize with your business information before printing and distributing

If you use a Third Party Administrator, have acquired a business, changed your legal entity type, or use an employee leasing company there are additional responsibilities that you must consider.

Additional Responsibilities		
Third Party Administrators	Employee Leasing Company	Acquisition or sale of a business
<ul style="list-style-type: none"> ▪ In order to establish access for your TPA you will need to login to your account and enter your TPA's ID and assign TPA roles within your account 	<ul style="list-style-type: none"> ▪ DUA considers the client company to be the employer of record and ultimately liable for all payments ▪ File all quarterly Employment and Wage Detail reports under each unique employer name and FEIN and at the contribution rate assigned to that business 	<ul style="list-style-type: none"> ▪ You are required to notify DUA of a change in your business, such as a purchase, sale, acquisition, merger, or change of legal entity type. ▪ A newly registering business satisfies this requirement by answering the questions at the time of registration. This information will ensure the proper contribution rate is assigned to your company ▪ An existing business should provide information on the purchase or sale of a business in the account maintenance section of UI Online.

Be consistent and be prepared

Understanding the Unemployment Insurance law and its application in practice can help you control unemployment insurance costs. In many cases, the law requires employers to show that good business and consistent personnel practices have been followed. Well documented policies and practices protect the interests of your company and the well-being of your workers.

The law requires that policies regarding an employer's expectations of employees be reasonable and uniformly enforced.

All expectations regarding standards of behavior and performance, as well as consequences for the violation of these standards, should be clearly formulated by your business and articulated to all of your employees. Written communications through memoranda or an employee handbook are good practices and preferred methods of notice.

Documentation of disciplinary measures you have taken and the consistent application of those measures with all members of your workforce are paramount. Be sure to record any actions taken prior to a discharge including documentation of events, witnesses to events, dates, and details of oral warnings, written warnings, and formal disciplinary action. Documented details are crucial in the process of determining a claimant's eligibility for UI benefits, particularly if that worker was discharged for deliberate misconduct.

You should be aware that discharge for failure to meet performance standards for reasons not involving deliberate misconduct or violation of company rules does not result in the claimant being determined ineligible to receive UI benefits.

Requesting proof of good standing

You can request a 940 Certification or a Certificate of Compliance by accessing your UI Online account and navigating to the Payment menu.

5 Managing claims and appeals

This chapter contains information on:

- Your role in notifying employees of their rights to UI
- Information required during the claim process
- Managing ongoing claim-related activities
- Your rights and responsibilities to appeal a claim
- The policies and procedures of the hearings process



When an employee is separated from employment there are several options the employer and employee must participate in to ensure that eligibility is determined accurately. Among the most important of these is responding to DUA in a timely manner with regard to any claims filed and appealing benefits determinations in accordance with DUA timelines.

Employer responsibilities during the claim process

What you can do to promote an effective claims process:

1. Notify employees of their options upon separation of employment
2. Respond to DUA with information in a timely manner
3. Review and record any claim approvals or disqualifications
4. Comply with ongoing claim activity

1. Notify employees of their options upon separation of employment

When an employee is separated from employment, regardless of the circumstance, be sure to issue the employee a copy of the DUA pamphlet “How to File for Unemployment Insurance Benefits”, Form 590-A. The Unemployment Insurance Law requires employers to give a copy of this form to each employee separated from work. The pamphlet should be issued in person whenever possible but can be mailed when an employee is not available. A copy of the form can be downloaded from the DUA website at www.mass.gov/lwd/unemployment-insur/forms-and-publications/for-claimants/. The form includes space for you to record your DUA employer account number and mailing address to ensure accurate filing of the claim and mailing of the claim notice.

Your employees may file for UI benefits by telephone or by using the UI Online website. To file by telephone, claimants should contact the DUA TeleClaim Center at:

- 877-626-6800 from area codes 351, 413, 508, 774, and 978
- 617-626-6800 from any other area code

2. Respond to DUA with information in a timely manner

When an individual files a claim, any employer for whom the claimant worked during the 15-month period prior to the filing of the claim will receive a request to provide information regarding the employee. You will be able to complete these requests online using UI Online. The employer(s) for whom the claimant worked during the last eight weeks of work prior to the filing of the claim is considered an interested party to the claim for benefits and has the right to protest a claimant's eligibility.

If benefit payment is ultimately approved by DUA, protesting employers receive notice of the approved claim and have the right to request a hearing within the 10 days allowed by the law (provided the request for wage and separation information was returned to DUA). A disqualified claimant can also request a hearing.

If you do not respond timely to requests for information, you may:

- Lose your right to be notified of the eligibility determination and your right to appeal that determination
- Lose your right to a hearing. If a disqualified former employee files an appeal, you will be invited to attend the hearing as a witness only, with no right to introduce evidence or testimony, question the former employee, or examine other witnesses
- Lose your right to protest benefit charges to your account (even if circumstances are such that you would ordinarily be relieved of those charges)

3. Review and record the approval or disqualification notices

You will be notified of any approved claims or disqualified claims if:

- You are an interested party employer
- You returned the separation request within the required timeframe

If a claim has been approved for payment, a determination notice will have information on your appeal rights and instructions on how to request a hearing.

If you were a base period employer but the claim arises due to separation from subsequent employment and you returned DUA's request for information in a timely manner, your account should not be charged for benefits paid on that claim provided the former employee was separated under disqualifying circumstances. If charges are assessed to your account, you have the right to protest those benefit charges.

Re-qualifying for benefits

Claimants who are ineligible for benefits may become eligible if they return to work for at least eight weeks, earn at least eight times their weekly benefit amount, and are separated from the new job under non-disqualifying circumstances.

4. Comply with ongoing claim activity

Reopening a claim

In some cases, an individual may stop receiving benefits, but later reapply for benefits. This is called reopening a claim. For example, an individual may stop receiving benefits after finding new employment or returning to a former job and then become unemployed again and reapply to resume receiving benefits.

Any time a claim is reopened, an employer for whom the claimant worked during the last eight weeks of work prior to the filing of the reopened claim is considered an interested party to the claim with protest rights. DUA will contact the employer to obtain information necessary to evaluate the claimant's eligibility to receive benefits.

If you receive a request for information, it is important to respond in a timely manner. Although you may not accrue charges resulting from a claim being reopened, charges may result on a subsequent claim. Providing the requested information promptly will protect your rights should any charges result. In addition, the separation information you provide may have an impact on the claimant's right to continue to receive benefits on the current claim.

The eligibility requirements for a reopened claim are the same as those for a new claim. If a claimant returns to work and then becomes unemployed under disqualifying circumstances, no further benefits will be paid.

Refusing a recall

If an employee is recalled to work but does not return you must notify DUA in writing within five days and include the employee name, SSN, occupation, recall date and how the employee was notified of the recall.

DUA will determine if the individual had good cause for failing to return to work. A disqualification of the individual may result if DUA determines that there was no good cause.

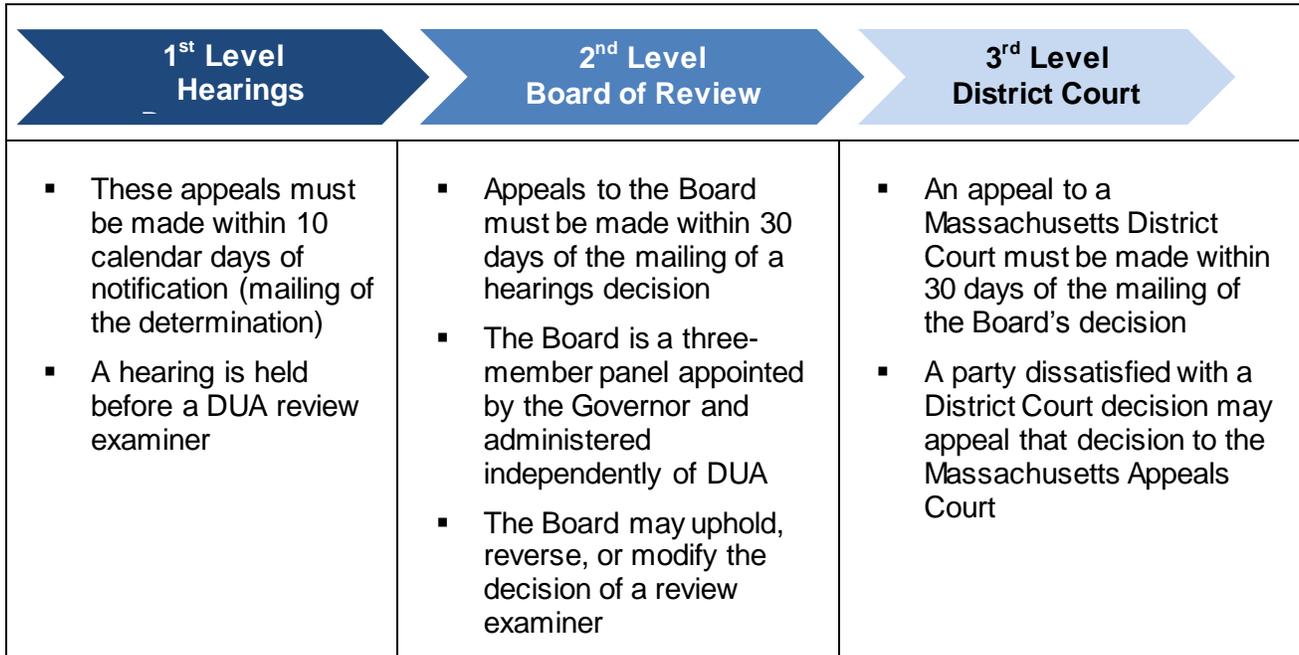
Your role during the Hearings and Appeals process

1. Appeal a determination
2. Review the hearing notice

1. Appeal a determination

Any interested party who disputes a determination on a UI claim may appeal that determination and request a hearing. Interested parties include the claimant and former employers for whom the claimant worked for a period of eight weeks prior to the claim filing date, provided the employer protested the claim in accordance with DUA timelines. Any subjectivity or in employment determination issued by the Employer Liability Department is appealable as well.

There is a three-level appeals process for parties disputing UI claims or Departmental determination. The process is outlined as follows:



You or your representative may request a hearing by completing an appeal request online or by returning the appeal request section of the determination by mail to DUA.

For mailed requests, the United States Postal Service postmark date is considered the filing date. For your protection, you may choose to use certified mail with a return receipt. Appeals filed by other means (including fax, hand-delivery, etc.) are considered to be filed on the date the appeal is received by DUA.

Usually within three days of receiving an appeal request from an employer or employee, DUA issues an appeal acknowledgment to both parties. This notice confirms that the Hearings Department has received the appeal request.

2. Review the hearing notice

Approximately two to three weeks after your request is received, DUA will provide you with a Notice of Hearing. This notice will indicate:

- The date and time of the scheduled hearing
- The type of hearing (telephone or in-person)
- The location (based on the needs and locations of both the claimant and the employer)
- Description of the issues involved
- Your legal rights and responsibilities

A prompt hearing is the right of both parties. In general, the Hearings Department will not grant a request for a change in the date, time, or location unless there are circumstances that prevent you from attending on a scheduled day. Requests should be made to the Hearings Department no later than the postponement deadline date on the notice. Postponement requests made after the deadline date will be granted only for a documented emergency.

All single-party appeals are scheduled for a telephone hearing. If you prefer an in-person hearing, you must contact the Regional Hearings Office listed on your Hearing Notice and request a change in format. In cases where there is more than one party to a hearing, the hearing may be conducted entirely by telephone if all parties are in agreement. Prior to a telephone hearing, DUA will issue to all parties the materials that describe the information to be covered, as well as a Notice of Telephone Hearing and copies of any documents that will be part of the record.

Withdrawing from a hearing

If you decide to withdraw your appeal for any reason, you must submit your request using UI Online or in writing. If you request a withdrawal in writing, please reference your docket/case number.

If you choose not to attend a hearing that a claimant has requested, the examiner will hear and decide the case on the basis of the evidence presented at the hearing. If the claimant is the only party present at the hearing, generally his or her sworn testimony will be the primary evidence on which the decision is based.

Your rights during the appeals process

DUA review examiners conduct hearings in accordance with Massachusetts fair hearing regulations, a copy of which is available at nominal cost from the State Bookstore, State House, Room 116, Boston, MA 02133. Ask for a copy of the "Standard Adjudicatory Rules of Practice and Procedure" [801 CMR 1.01, 1.02, and 1.03].

As an interested party, you have the right to:

- Be represented by an attorney, professional agent, or any person who can assist in presenting an effective case to the examiner
- Review all DUA files that relate to your case prior to the hearing. The file is generally available for review two to three days before the hearing. You should make arrangements in advance with the Hearings Department to review these documents and the appropriate sections of Massachusetts General Law, Chapter 151A, the Massachusetts UI Law. The law is available online at www.mass.gov/dua under the *Forms and Publications* section
- Present evidence to support your statements
- Present witnesses who can provide first-hand testimony relevant to the issues in the case
- Cross-examine, rebut, and confront witnesses
- Obtain a subpoena to compel the attendance of a valuable witness or the production of documents. You should request this from your regional hearings office as soon as you receive your hearing notice, so you will receive the subpoena in sufficient time to have it served (the subpoena should be served no later than four days prior to the hearing). Subpoenas must be requested at least four days prior to a hearing. You must arrange to have a neutral third party (sheriff, constable, or other person) serve the subpoena, and you must pay the server's fee as well as a witness fee and mileage allowance

Tips for representing your organization at a hearing

- Be prepared with all required documentation (including disciplinary actions, policies, handbooks, etc.)
- Review the case file beforehand
- Prepare witnesses appropriately; present witnesses who actually saw or heard the events which led to the separation
- Present both written evidence and direct testimony, especially on company policy-related matters
- Keep to the facts and information relevant to the case at hand

DUA Hearings Department procedures

Once a hearing has been scheduled, the DUA review examiner assigned to the appeal is responsible for all procedural matters. In order to determine the facts of the case and make a fair decision, you will be assigned to an impartial review examiner who has no knowledge of the case aside from reading the file documents. This impartiality ensures that all parties have a fair hearing with an adequate opportunity to present relevant testimony and documents.

After the parties have assembled in the hearing room during the pre-hearing, the review examiner may:

- Inquire whether any factual matters are undisputed (i.e., dates of employment)
- Review the case file to identify the exhibits to be introduced as evidence
- Establish the number of witnesses and the order in which the parties will present them

Once the hearing starts, the review examiner will begin to create the hearing record. This is a digital recording of the proceedings for possible later use by a higher appeal body. In a brief introductory statement, the examiner will explain your rights during and after the hearing, the nature and scope of the issues in the case, and the meanings of any terms that may be unclear. Finally, the review examiner will identify and number all written exhibits and will place all parties and witnesses, including you if you are testifying, under oath.

As the hearing progresses, you will be asked to testify and to present your witnesses, if any. The review examiner will direct questions to your witnesses. However, if you have representation at the hearing, the examiner will first establish the witness's identity for the record and then may allow your representative to conduct the initial questioning. When questioning is completed, if the hearing officer feels that some facts are unclear, they may direct additional questions to the witnesses.

When one party completes testimony, the opposing party may then cross-examine to bring out additional facts that bear on the earlier testimony, including the accuracy of that testimony. This allows the review examiner to weigh all testimony accurately in reaching a decision.

Throughout the hearing, you have the right to:

- Object to testimony
- Question supporting and opposing witnesses (including your former employee)
- Explain or rebut testimony
- Present written arguments to help the examiner evaluate the evidence

If one party raises a new issue (i.e., one not contained in the hearing notice) the examiner may order a continuance for the remainder of the hearing. This means that the hearing will be continued on a later date in order to permit the other party to collect and present additional evidence. A continuance may also be ordered if a subpoenaed witness whose testimony is vital to the decision fails to appear. This is to allow the subpoena-issuing party to obtain a court order enforcing the appearance.

When both parties have presented all testimony, the review examiner will officially close the hearing and dismiss the parties, unless the hearing needs to be continued in order to hear all the testimony. In most cases, a written decision will be mailed to you within 14 days after the hearing. Decisions are not given in person or over the telephone. The decision will include a statement of the issues, findings of fact, conclusions of law and the reasoning on which the decision was based. Also included in the decision will be an explanation of how to file an appeal to the Board of Review.

The recording of the hearing is confidential and is retained by the regional hearings office in the event of a further appeal. You may order a copy of the recording (at a cost set by the Massachusetts Executive Office of Administration and Finance) by calling your regional hearings office. Hearings are now recorded digitally; a CD of a hearing is available.

Board of Review hearing procedures

If you plan to appeal a Hearings Department decision to the Board of Review, you must do so within 30 calendar days of the mailing date of the review examiner's decision. You may file your appeal online or via mail to the Board of Review. If mailed, the United States Postal Service postmark date will be considered the date of filing.

If you file late, the Board of Review may hear your case to determine if your appeal should be accepted. If the Board rules that the appeal was timely, then the Board will consider the application on its merits to determine if any further action should be taken.

In most cases, the Board relies on the evidence presented at the first level hearing in making a decision whether to support or reverse a previous decision. As part of this step, a review examiner assigned to the Board of Review will review the hearing record and the first examiner's decision and then make recommendations to the Board members. The Board must grant or deny such an application for review within 21 days after your appeal. If the Board does not act within the 21-day time period, the application is deemed to be denied and any further appeal must be made to a Massachusetts District Court. Any appeal must be filed within 30 days from the end of the 21-day consideration period.

If, however, the Board grants your application within the 21-day period, it may take any of the following actions:

- Decide the case based solely on the hearing record
- Return the case to the DUA Hearings Department for additional evidence on specific points raised at the first hearing
- Schedule a new hearing before the Board in order to take additional evidence
- Ask you or the claimant to respond in writing, providing reasons for agreeing or disagreeing with the review examiner hearing decision
- Remand for a de novo hearing. This means that the case will be heard again by a different Review examiner unless a de novo hearing is ordered, the Board will examine all of the evidence and issue its own decision in the case

District Court procedures

If you disagree with the Board's decision, you may appeal to the Massachusetts Trial Court, District Court Department in the district where your operations are located.

You have 30 calendar days after the mailing of the Board's decision or the Board's denial of your application for further review to file a third level appeal in court.

For further guidance on filing a court appeal, refer to Massachusetts General Law, Chapter 151A, Section 42. This section is printed on the reverse side of Board of Review decision notices.

6 Calculating Your Contributions

This chapter contains information on:

- How UI contribution rates are calculated for each employer
- The impact that benefit charge liabilities have on your rate
- Reporting requirements for all employers
- Reimbursable contribution options for government agencies and non-profits



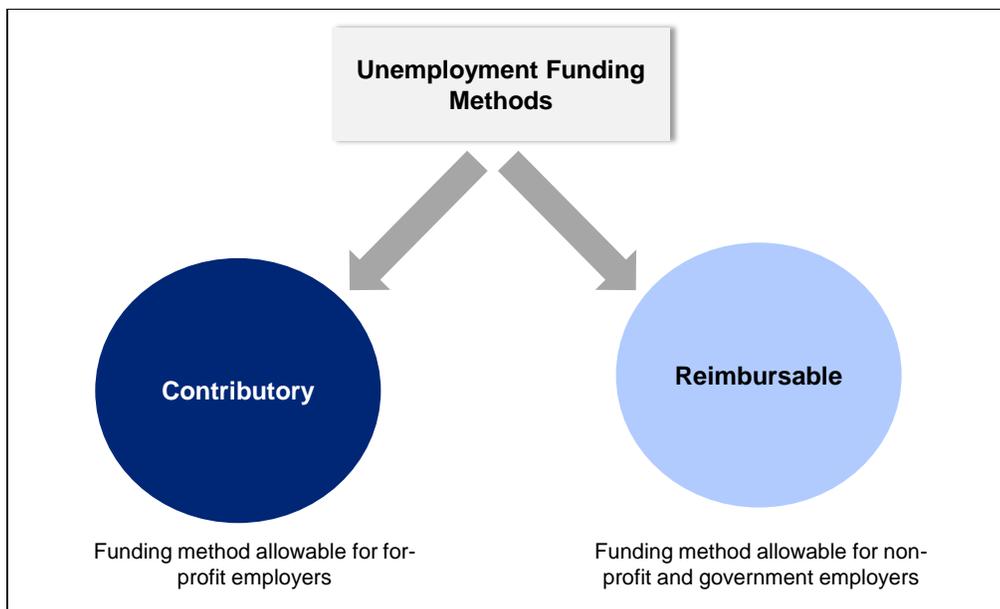
How employers fund UI

The UI program is funded through two separate, but related contributions – Federal Unemployment Tax Act (FUTA) and the State Unemployment Tax Act (SUTA).

UI benefits paid to eligible unemployed individuals in Massachusetts are funded from quarterly contributions paid by the Commonwealth’s employers to DUA. These funds are deposited into the Massachusetts UI Trust Fund. All UI benefits are paid from this fund. DUA administrative costs are paid directly by the federal government through FUTA contributions.

Government and non-profit employers (organizations holding 501(c)(3) status) are exempt from FUTA tax. In addition, governmental and non-profit employers may choose to reimburse DUA dollar-for-dollar for all regular UI benefits paid to their workers via the Reimbursable method instead of paying quarterly contributions. *Note: For 501(c)(3) organizations that wish to be reimbursable an IRS letter 1045 or 4168C must be submitted within 30 days of the initial registration.

Different methods for contributing to the UI Trust Fund



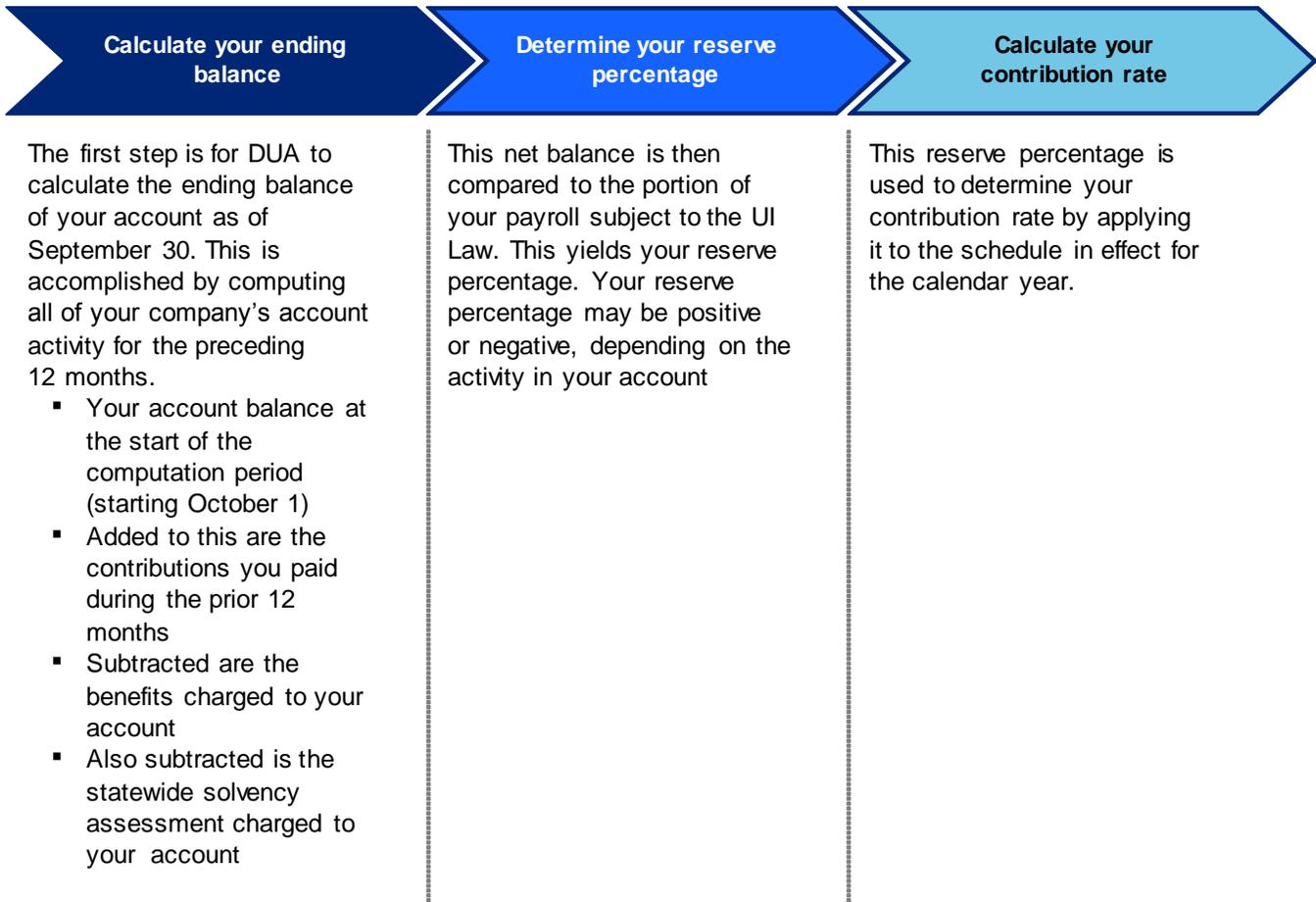
Understanding the Contributory Method of Payment

Under the contributory method, employer contributions are based on whether the employer is a new employer in Massachusetts or an established employer with several years' of experience contributing to the UI system. Each contribution model is described briefly below.

Contribution rates for new employers	Contribution rates for established employers
<ul style="list-style-type: none"> ▪ A new employer that is not in the construction industry pays UI contributions at a rate consistent with an account balance positive reserve percentage of between 10.5% and less than 11% on the rate schedule currently in effect. Therefore, this rate changes any time the rate schedule changes ▪ New employers in the construction industry — North American Industrial Classification System code 23 — pay at a rate consistent with the average rate of employers in this industry ▪ Newly established employers pay at an assigned rate for the first two calendar years 	<ul style="list-style-type: none"> ▪ After the first two years at the new employer rate, DUA calculates experience rates based on the Reserve Ratio Method. The calculation of contributory employer rates is governed by Section 14 of the Massachusetts General Law, Chapter 151A. Once your account is established, a book account is created that tracks credits (all contribution payments) and debits (charges for unemployment claims and solvency assessments, etc.) ▪ This cumulative balance is divided by wages that are subject to UI tax and a reserve percentage is calculated ▪ The reserve percentage is applied to the annual rate schedule that is in effect and the experience rate is determined for the coming year ▪ Contributions are based on wages paid. Once an experience rate is assigned, that rate is applied to the wage base in effect during that year. Currently the wage base is \$15,000 in wages paid to each employee in a calendar year

Determining your contribution rate

Because each employer is different, the factors and method of calculating UI contribution rates may vary. Contribution rates can be calculated using the following steps:



Wage reporting

Wages should be reported when they are paid, not when they are earned. In order for your contribution rate to be calculated accurately, you are required to provide DUA with information about your employees' wages timely and accurate.

If you fail to supply the necessary wage figures, DUA has the right to estimate wages not reported by November 30. Estimated wages will be based on the highest wages subject to contributions that have been filed in the computation period. This could result in an increase in your contribution rate for the following year.

If you report that no wages are subject to contribution during the computation period, DUA will assign a rate based on the account balance – positive or negative – as of the computation date.

All wages subject to contribution that are reported for the computation period, and received prior to November 30 of each year, are used in the rating process. Payments received after October 31 of each year are not used in the rating process.

The term wages refers to every form of remuneration paid directly or indirectly to employees including:

- Salaries
- Commissions
- Tips
- Bonuses
- Separation pay
- Reasonable cash value of board, rent, housing, and lodging
- All payments made in any medium other than cash

Your experience rate account

An experience rate account is maintained for each company or organization that is registered as a contributory employer. For new employers, their contribution rate becomes experienced rated in the third year the account is in existence. This account is a record of the contributions paid to DUA and the amount UI benefits paid to an employer's workers or former workers and is maintained for the purpose of determining the annual tax rate for each employer.

DUA uses a system of credits and debits to determine the balance in your account. When you pay your quarterly contributions, that amount is entered as a credit to your account on the actual date paid. Payments for the final quarter of the computation year are credited on September 30 provided they are received by October 31.

When DUA provides benefits to an employee or former employee during the computation year, these benefit charges become debits to your account. As of September 30, employer account payments are closed for rate calculation purposes in order to compute contribution rates for the following calendar year. A beginning account balance is established on October 1 each year.

If you believe a computation error has been made in your contribution rate, you may request a review of the rate determination from the Experience Rating Department. This request must be made in writing, within 60 days of receipt of the rate notice.

The annual statewide contribution schedule

The Table of Contribution Rates and Schedules display seven available schedules. UI law specifies which schedule will be in effect for each calendar year based on the reserve percentage of the Massachusetts UI Trust Fund. Each schedule provides a range of contribution rates that can be assigned to individual employers.

The reserve percentage is the ratio between the trust fund balance as of September 30 and the total payrolls of all contributing employers during the preceding calendar year.

In some cases, state legislation determining the rate schedule in effect for a specific year may supersede the rate schedule set according to the reserve percentage.

How benefit charge liability impacts your rate

If you are the most recent employer in the claimant's base period, you will receive the first charges for a worker's UI benefits. If you are a base period employer, but not the most recent employer, you may also be charged at some period in the claim. Charges to your account continue as long as the claimant collects benefits or until the total charges equals 36% of the wages paid by you to your employee during the base period. When an employer's 36% limit is reached, DUA begins charging the next most recent employer's account, and so on throughout the base period.

Notification of benefit charges

For each month which charges are posted to your account, you will receive a Statement of Benefit Charges which itemizes all charges, credits, and adjustments made for each week of the month, as well as identify each employee by name and partial Social Security number.

Check this statement against your records; it is important to verify each benefit charge to protect yourself against fraud, processing errors, or other improper charges. An individual might have returned to work, for example, or have had partial wages during the week in question.

If you believe a charge is incorrect and should be removed from your account, use the last page of the form or go online to file a protest within 30 days of the mailing date shown on the form. Benefit charges will not be removed from your account if you fail to return the DUA request for separation and/or wage information within the 10-day time period or if you fail to protest the initial charge statement within the 30-day limit.

DUA will notify you of any action taken. Credits appearing on the benefit charge statement will be indicated by parentheses and will show the name and partial Social Security number of the employee for whom the original charge was made. For answers to your questions, contact the Employer Charge Department at 617-626-6350.

Annual Rate Notice

During the first quarter of each year, you will receive a Notice of Contribution Rate. This will include your annual rate and the data used in the rate calculation. You may access your benefit charge statements online. Simply register for DUA's UI Online Services by going to www.mass.gov/dua.

What's included in the Annual Rate Notice

- | | |
|-------------------------------|--|
| 1. Account balance | 8. Refunds |
| 2. Account balance adjustment | 9. Reserve percentage |
| 3. Benefit charges | 10. Solvency assessment |
| 4. Contributions paid | 11. UHI contribution rate |
| 5. Contribution rate | 12. Wages subject to contribution |
| 6. Ending account balance | 13. Wages subject to contribution (UI taxable wages) |
| 7. Excess reserve transfers | 14. Workforce Training Fund contribution rate |

The following table provides a line-by-line description of each element that appears on the Annual Rate Notice:

Understanding the Annual Rate Notice Calculations	
1. Account balance	The amount shown represents the balance in your account as of the date indicated. Since this account is a book account only, there are no substantive rights to any balance shown.
2. Account balance adjustments	Transfers from subsidiary accounts into the master account are recorded as adjustments. Subsidiary accounts and certain other type of adjustments are not rated. Voluntary contributions payments are also included.
3. Benefit charges	Unemployment benefits paid to a claimant are charged to the account of the employer for whom the claimant worked. Charges are made as of the date the benefits are paid. Credits or other adjustments to the benefit charge account affect the account balance during the computational year in which they occur. Benefit charges can be adjusted only through DUA's Employer Charge Department.
4. Contributions paid	Most payments received during the computation period, regardless of the year and quarter, are applied to your account balance as of the date paid (to be used in the current rating period, the contribution payment must be received by October 31). Any overpaid contributions for the current year that have been credited to a subsequent computational year will not be used in the current computational period.
5. Contribution rate	The rate schedule for all employers is determined by the reserve percentage of the unemployment compensation fund. To arrive at the reserve percentage, the balance of the UI fund as of the computation date is divided by the total payrolls for all contributing employers in the preceding calendar year. This percentage determines which schedule is in effect for the year.
6. Ending account balance	The ending account balance represents the net historical balance of your account after all payments and mandated credits are applied against benefits charges paid to former employees and any other debit adjustments required by law. If an employer reports no wages subject to contribution during the applicable computation period, DUA will assign a rate based on a positive or negative account balance as of the computation date.
7. Excess reserve	Reserve percentage limits for employers are a positive 50% or a negative 25%. Amounts in excess of these limits are transferred either to or from the solvency account.

Understanding the Annual Rate Notice Calculations

8. Refunds	Refunds that are issued are subtracted from your account balance during the computational year in which refunds are issued, regardless of when the overpayment occurred.
9. Reserve percentage	The result of dividing your account balance by your wages subject to contribution. An account with a positive balance will have a positive reserve percentage. Negative balance accounts will have negative reserve percentages. Your reserve percentage is applied to the contribution schedule in effect for the applicable calendar year to determine your rate for the year. This rate will be used throughout the calendar year on your quarterly reports.
10. Solvency assessment	DUA maintains a general account known as the solvency account which is used to finance benefits that are not chargeable to an individual employer account. Your account balance is adjusted annually with a solvency assessment.
11. Unemployment Health Insurance (UHI)	<p>Massachusetts employers covered by the Massachusetts UI Law are also liable for UHI contributions. (M.G.L. 151A, Section 14G). The funds from this contribution provide health insurance for eligible UI claimants through the Medical Security Program also administered by DUA.</p> <p>UHI contribution receipts are deposited in the Medical Security Trust Fund. They are not credited to employers' UI accounts and are completely independent of the UI Trust Fund.</p> <p>Whenever an average of fewer than six employees is employed during a quarter, wages paid in that quarter are exempt. They are not to be considered as part of the wage base for the quarter (or calendar year). Only those wages based solely upon the average number of employees in a quarter are potentially exempt for UHI reporting purposes.</p>
12. Wages subject to contribution	Reported wages subject to contributions during the computation period (October 1-September 30).
13. Wages subject to contribution (UI taxable wages)	Wages subject to contributions listed on the rate notice is the cumulative total of the first \$15,000.00 paid to each employee in the computational (October 1 through September 30) rate year. Amounts earned by each employee over \$15,000.00 are excluded from this field.
14. Workforce Training Fund contributions	<p>The Workforce Training Fund (WTF) awards grants to companies to provide workforce training and education programs for incumbent workers. The WTF contribution is a flat rate of 0.056% of taxable wages. This is the same for all contributory employers.</p> <p>This payment is not added to an employer's account balance for experience rating purposes, nor can it be deferred.</p>

Calculating the solvency assessment

The UI Solvency Fund pays for the following:

- Dependency allowances
- Benefits paid to individuals who leave employment for what are considered to be urgent or compelling personal reasons
- Benefits paid and charged to accounts whose reserves have been depleted
- State funded extended benefits
- Additional benefits paid to claimants who are in approved DUA training programs

The solvency assessment distributes these costs proportionally among all employers. The assessment changes from year to year depending on the needs of the fund and has historically ranged from .05% to 2.71%. The assigned annual rate is applied to the UI taxable wages.

A reserve percentage is determined for the solvency account in the same way one is determined for individual employer accounts. For the solvency account, the formula used is the ratio between the closing balance of the account and the total taxable payrolls of all employers for the prior calendar year.

Your solvency assessment is the result of multiplying your wages subject to contribution by the solvency factor determined for all subject employers in Massachusetts. The result is an actual dollar amount which represents your share for the computation period. This factor changes from year to year, depending on the charges made to the solvency account during that period. The account balance is zeroed at the start of each fiscal year.

Calculating Employer Medical Assistance Contributions (EMAC):

Employers must pay contributions on the first \$15,000 of each employee's wages paid during the calendar year. The amount of contributions due is calculated by multiplying the wages subject to contributions by the health insurance contribution flat rate for all subject employers which is determined each year.

Employers are not liable for payment of health insurance contributions in a quarter when the average employee count is less than six. Also, employers are exempt when they meet the definition of "newly subject".

Massachusetts employers who became subject to the Massachusetts Unemployment Insurance Law **ON or AFTER October 1, 2014** are subject to the following Employer Medical Assistance Contributions Rates in 2017.

EMAC Rates Effective January 1, 2017

Calendar Years 0, 1, 2 and 3: New employers subject to unemployment contributions for their first time will be exempt for the first three years.

Calendar Years 4: Employers in their fourth year of previously being subject to EMAC will pay an EMAC rate of 0.12% (.0012).

Calendar Years 5: Employers in their fifth year of previously being subject to EMAC will pay an EMAC rate of 0.24% (.0024).

Calendar Years 6 and over: Employers in their sixth year or over of previously being subject to EMAC will pay an EMAC rate of 0.34% (.0034).

Massachusetts employers who became subject to the Massachusetts Unemployment Insurance Law **BEFORE October 1, 2014** are subject to the following Employer Medical Assistance Contributions Rates in 2017.

EMAC Rates Effective January 1, 2017

Calendar Years 0, 1 and 2: New employers subject to unemployment contributions for the first time will continue to be exempt for the first two years.

Calendar Years 3: Employers in their third year of previously being subject to EMAC will pay an EMAC rate of .12% (.0012).

Calendar Years 4: Employers in their fourth year of previously being subject to EMAC will pay an EMAC rate of .24% (.0024).

Calendar Years 5 and over: Employers in their fifth year or more of previously being subject to EMAC will pay an EMAC rate of .34% (.0034).

The liability exemptions and reductions are intended to ease burdens on newly formed businesses and organizations.

Voluntary contributions

Massachusetts employers may choose to pay voluntary UI contributions. This program allows the state's businesses to manage their UI costs by paying additional contributions in order to increase account reserves and reduce their UI rate and contributions for the forthcoming calendar year. This process must be completed within 30 days from the date of the Annual Rate Notice. Any outstanding debt must be paid separately and cannot be included with a voluntary contribution payment.

Any voluntary contributions you pay are credited directly to your company's account balance. This increases your company's reserve percentage and may lower your company's UI contribution rate. Paying voluntary contributions may not result in significant savings for your company. To help you decide if voluntary contributions are right for you, consider the following issues below:

Determining whether your company is eligible for voluntary contributions:

- You must be eligible for experience rating
- New employers with an assigned "new employer rate" and employers who are at the lowest rate of the schedule in effect for that calendar year are not eligible
- You must have filed all quarterly Employment and Wage Detail Reports to date
- You must have paid all UI, UHI, and WTF contributions including any interest and penalties to date

- Other categories of employers who are not eligible for voluntary contributions include governmental employers, employers with suspended accounts, and employers with no wages

Voluntary contribution payments:

- Cannot be used for any purpose other than to reduce a company's UI contribution rate
- Cannot be refunded
- Are not considered for FUTA 940 certification
- Do not reduce UHI or WTF contribution rates
- Do not retroactively reduce UI contribution rates

If you have questions about your company's eligibility, or simply want more information, please call the Experience Rating Department at 617-626-6893.

Understanding the reimbursable method of payment

Governmental entities and non-profit employers (organizations holding 501(c)(3) status) may choose to reimburse DUA only when benefits are actually paid to their former employees. This is in lieu of paying quarterly contributions. For some of these employers, the reimbursable method makes more sense because it does not require regular quarterly contribution payments. Under the reimbursable method, there is no solvency account and the employer is liable and billed for all costs of any and all benefits paid to former employees.

Charges to entities under the reimbursable method

Failure to anticipate personnel separations can lead to financial difficulties for small non-profit or governmental organizations. Employers choosing the reimbursable method should also be aware that the Massachusetts Unemployment Insurance Law requires them to reimburse DUA for benefits paid to former employees in circumstances under which contributory employers normally are not charged. Charges to reimbursable employers could result from any of the following:

- **Dependency allowances:** Awarded to claimants for each dependent child, up to a maximum amount equal to 50% of a claimant's weekly benefit amount. Dependency allowance is \$25 per child. For example, a claimant with four children and a weekly benefit amount of \$250 will actually collect \$350 a week

Example: **Step 1:** \$25 x 4 dependents = \$100.00 dependency allowance

Step 2: \$100.00 + \$250 original weekly benefit amount = **\$350**

\$350.00 = weekly benefit amount

- **State-financed extended benefits:** Awarded during periods of high unemployment. Claims in Massachusetts can be extended to provide additional weeks of benefits during a recession

- **Approved voluntary separations:** Voluntarily leaving — without a good reason attributable to the employer — will normally disqualify a worker from receiving benefits. However, if it can be established that the reasons a worker left a job were of such a compelling nature that the separation was actually involuntary, benefits will be paid and a reimbursable employer would have to pay the costs of that claim
- **State-approved training programs:** Claimants in vocational training may receive benefits for up to 26 additional weeks. Reimbursable employers are liable for the full amount of approved retraining benefits paid. This can total up to \$18,772 for claimants (not including dependency allowance) who are receiving the maximum benefit amount and who are in training for a period of 26 weeks beyond the duration of regular state UI benefits
- **Remaining benefits:** When the liability of the full-time employer is exhausted, reimbursable employers must pay for any remaining benefits paid, even though the claimant may be still working part-time for them. This is because an employer's liability for charges is limited to 36% of the total claimant wages during the claimant's base period. DUA first charges the most recent employer in that year. When that employer's 36% limit is reached, the next most recent employer is charged. DUA continues charging the claimant's employers of that preceding year until the claimant exhausts his or her maximum benefit entitlement. For subsidiary employers (secondary or part-time employment), the order for charging may be reversed
- Reimbursable employers are charged even if the claimant left the previous job under what would be disqualifying circumstances (e.g., An employee leaving to take another job which does not come through, or which results in a subsequent layoff; or a former employee who is initially disqualified for benefits, then obtains new employment, and is subsequently laid off for lack of work)
- If a claimant is initially granted benefits, but is subsequently disqualified on appeal, reimbursable employers must still reimburse DUA for the benefits paid. Once DUA recovers the money from the claimant, the employer's account will be credited. It is important to know that DUA is prohibited, according to the Massachusetts Unemployment Insurance Law, from charging any of the reimbursable benefits listed above to the contributory employers' solvency account

In contrast, under the contributory method, these costs would be charged to the solvency fund. For any month in which there are charges to your account — or a past due payment — DUA will mail you a bill. You can view and print this statement online by logging into UI Online at www.mass.gov/dua. By law you must pay this bill within 30 days of its mailing date to avoid interest charges. If you choose to question any charges, you may do so in the space provided on the back of the form. You may direct questions to the Reimbursement Department at 617-626-5790.

Reimbursable employers must still reimburse DUA for these benefits paid. Once the claimant repays DUA, the reimbursable employer's account will be credited.

Estimating Your Risk

If you are a small organization, with relatively limited employee turnover, the reimbursable method may be best for you. If you select the reimbursable method, it is important to understand your financial obligations, specifically your responsibility to pay your portion of any claim where you are a base period employer. Even one or two claims against a very small organization or one with a limited budget could cause extreme financial hardship.

If you elect the reimbursable method, you may want to consider a self-imposed contributory system, setting aside the contribution you would have paid to DUA in an interest-bearing account. This way, you will be prepared if a claim is filed against your organization.

Changing your financing method

You may change from one financing method to another by providing notice to DUA through UI Online. Once selected, that method is in effect for at least two calendar years.

If you are a governmental employer, this notice is due by December 31 of the year preceding the changeover year. For non-profit employers, notice is due by December 1 of the year prior to the changeover year. After you inform DUA of your choice of financing methods, benefits are charged to your account according to the financing method in effect at the time a particular unemployment claim is filed. New non-profit or governmental employers are asked to choose a financing method when the organization becomes subject to the Unemployment Insurance Law.

If no financing method is selected, by law, the contributory method is assigned. When deciding whether to become a reimbursable or contributory employer, you should consider all the factors described that may relate to your organization's potential unemployment liability. For additional information on either of these financing methods, please logon to your account at www.mass.gov/dua or call 617-626-5075.

Collections

When employers fail to pay their UI contributions or reimbursements, the effect is felt by all Massachusetts employers. DUA has various enforcement tools to collect overdue contributions. Possible enforcement tools include:

- Random audits of your accounts to see if you classified workers and reported workers' wages properly
- Late filing penalties based on M.G.L. 151A Section14P

Workforce size penalty amounts	
Number of employees	Amount of penalty
0 - 4	\$25
5 - 9	\$100
10 - 49	\$250
50 - 99	\$500
100 - 499	\$1000
500 and up	\$2500

- Levy on your bank account after a court judgment and formal notice
- Liens on property
- Possible suspension of a delinquent employer's liquor license after a hearing with the Alcohol Beverage Control Commission (ABCC)
- Prosecution of individuals and principals in corporations by the Attorney General's Office for failure to file or pay UI contributions
- Additional compliance checks with the Department of Industrial Accidents (DIA), Division of Capital Asset Management (DCAM), and the Department of Labor Standards (DLS)

Tips to manage your UI costs

You should manage your UI costs like any other business cost. This includes

:

- Forecast and budget your quarterly contribution payments
- Monitor monthly statements of benefits charged to you. Review these statements for accuracy
- Report to DUA if one of your former employees has returned to work although you are still being charged for benefits
- Explore every alternative prior to separation including retraining, reassignment, advance notice, time off for a job search, referrals to other firms, or job placement assistance from DUA
- Document the circumstances surrounding each separation for reasons other than lack of work so you'll be prepared to furnish DUA with accurate information promptly
- Respond to all DUA's requests for information timely
- Appeal DUA decisions if you believe that benefits were awarded to a claimant who does not qualify under the law
- Call back separated workers if work becomes available. Certified mail is the best way to do this. Let DUA know if you recall an employee who does not return to work
- Hire smart. Invest time before hiring to get the best workers. Check their work histories and references. Workers who are discharged for poor performance – because they lack the ability to do a job – are not disqualified from collecting benefits under the law
- Hire other UI claimants through your local One-Stop Career Center. This lowers overall disbursements from the UI Trust Fund

Pay your contribution

Payments are due by April 30, July 31, October 31 and January 31. If the due date falls on a weekend, payments initiated the following business day will be timely.

For the first and second quarters, you may defer up to one-third of the contributions due, by checking off the deferral option, to the following second and third quarters respectively. You can file and pay online by logging into your account at www.mass.gov/dua. It is your responsibility to file the report before the due date.

If you fail to file on the due date, you may be assessed a penalty. By law, you will be charged interest on all contributions paid after the due date. The interest is 12% per year. DUA charges interest on the contributions due starting from the due date until the payment date.

Making Federal Payments

If you are a private, for profit employer, you may be required to pay FUTA taxes. These taxes are paid directly to the Internal Revenue Service (IRS). Contact the IRS for information on your FUTA tax liability and filing obligations.

You are entitled to a FUTA tax credit for contributions that have been paid in full and timely to DUA. You may request FUTA certification using your online account.

7 Appendix

A.Support Services for Employers

On the web: Visit our website, UI Online, to handle all your UI-related business needs: www.mass.gov/dua.

By telephone: To reach the appropriate Revenue department, call **617-626-5075** and follow the prompts below to speak to a representative.

Press	...if you require support with the following
1	Accessing an online account previously activated or registered account
2	Changing ownership, purchasing, selling, or transferring a business, changing organizational type, or reporting a new Federal Tax ID
3	Registering a business, activate, update, or close an account
4	Filing employment and wage data make payments, or request refunds, or adjustments to previously filed wages
5	Obtaining information regarding reimbursable accounts or benefit charges
6	Following up on a notice of amount due, a court order, bank levies and liens, tax intercept, bankruptcy, or payment plans
7	Inquiring about an audit for employers located in the greater Boston area
8	Accessing experience rating information, voluntary contribution option, or annual rate notice

Other employer support services

Services	Phone
Economic Research	617-626-6872
24-Hour Fraud Hotline	800-354-9927
Audit Information for employers located in the Western Region	413-452-4725
Benefits Questions	617-626-6800

Contacting your local Hearings office

Office	Address	Phone
Greater Boston	19 Stanford Street, 1st Floor Boston, MA 02114	617-626-5200
Northeastern Massachusetts	360 Merrimack Street, Building 9, 3rd Floor, South Lawrence, MA 01843	978-738-4400
Southeastern Massachusetts	36 Main Street, 1st Floor Brockton, MA 01840	508-894-4777
Western/Central Massachusetts	88 Industry Avenue, Suite A Springfield, MA 01104	413-452-4700

B.Support Services for Claimants

Claimants may conduct a number of important UI-related activities by telephone, or on the web using UI Online. Such activities may include filing or reopening new claims, obtaining status of a claim or payment, resolving claim issues, or accessing information. Services in languages other than English are also available upon request. The following describes different ways claimants may receive support for their UI needs.

On the web:

Claimants should also visit UI Online, for all their UI-related business needs: www.mass.gov/dua

By telephone:

- Call 877-626-6800 from the following area codes: 351, 413, 508, 774, and 978
- Call 617-626-6800 from any other area code
- Call 617-626-5666 for TTY/TTD

C. Description of Special Programs and Services

Massachusetts WorkShare Program	
Description	<p>If your company needs to reduce payroll costs, because of a temporary decline in business, Massachusetts' WorkShare Program is your alternative to layoffs. With WorkShare, you can reduce your payroll costs and maintain your valued workforce. You can avoid layoffs and avoid losing trained workers by reducing the hours of work for employees in your entire company, or a small unit or department. Your workers receive unemployment insurance benefits to supplement their reduced wages.</p> <p>A win-win program Experienced, trained workers are a company's most valuable resource, one that is difficult and expensive to replace. When workers are laid off during a slowdown in business, the economic reality of being out of work, even temporarily, may cause them to seek new jobs elsewhere. Both employers and workers have made a mutual investment in the success of a business. There are no losers with WorkShare. When layoffs loom, WorkShare can help to preserve jobs and safeguard that mutual investment.</p>
Benefits	<ul style="list-style-type: none"> ▪ Keeps your skilled, trained employees ▪ Reduces future hiring and retraining costs ▪ Avoids disruption in your business operations ▪ Helps you remain prepared for future business growth ▪ Maintains worker productivity
Eligibility	<p>Only Massachusetts employers in good standing can participate. All contributions, payments in lieu of contributions, interest and penalty charges have to be paid in order to participate (see GL 151A §29D (b) (11). This includes both large corporations with hundreds of workers and businesses with only two employees, non-profit as well as for profit, and even governmental entities. Any workers who would be eligible to receive regular unemployment insurance benefits are eligible to participate in the WorkShare Program.</p>
Additional Information	<p>For more information call the Special Programs Department at 617-626-5510. On the web at www.mass.gov/dua/WorkShare.</p>

The Massachusetts Rapid Response Team	
Description	The Rapid Response program serves as a resource for Massachusetts' businesses and works collaboratively with employers to develop strategies for maintaining a skilled workforce during periods of transition.
Benefits	<p>Expansion and growth Work with businesses to develop strategies for hiring skilled workers, including:</p> <ul style="list-style-type: none"> ▪ Access to qualified candidates ▪ Posting of jobs ▪ Assistance with small and large-scale recruitment ▪ Information on training grants, tax credits and labor market information ▪ Linking growing companies to similar businesses that have downsized <p>Layoff aversion Help businesses identify the exact needs to avoid layoffs and match transitioning businesses with similar skill sets. Offer companies resources to maintain their workforce through a variety of resources, including:</p> <ul style="list-style-type: none"> ▪ WorkShare program ▪ Workforce Training Fund Program ▪ Massachusetts' One-Stop Career Centers ▪ Tax incentives ▪ Business loans ▪ Growth-based systems for manufacturing ▪ Employee ownership and succession plans <p>Layoffs and closings Quickly coordinate and provide customized on-site services to companies and affected employees when layoffs and closings are necessary.</p> <p>Benefits to Employers</p> <ul style="list-style-type: none"> ▪ Higher productivity and employee morale ▪ Lower unemployment insurance costs ▪ Decreased likelihood of work disruptions ▪ Better public relations and media management <p>Benefits to Employees</p> <ul style="list-style-type: none"> ▪ On-site group orientations on unemployment insurance ▪ Information on continued education and training courses ▪ Information on maintaining health insurance benefits and pensions ▪ Workshops including resume preparation, career counseling, and job search assistance
Eligibility	All Massachusetts employers are eligible.
Additional information	For more information or to contact the Rapid Response Team, visit: www.mass.gov/dcs/rapidresponse .

The Massachusetts Workforce Training Fund (WTF) Program

Description	To remain productive and competitive, Massachusetts businesses need employees with up-to-date, leading edge skills. The Workforce Training Fund Program (WTF) awards grants to help Massachusetts businesses and labor organizations train the Commonwealth’s workers, enhancing their existing skills and introducing them to new technologies, production methods and other needed skill sets.
Benefits	<p>General Program For any size company training employees in job-related skills through a program designed by the company. Two General Program grants are available: Training Grants up to a maximum amount of \$250,000. Technical Assistance Grants up to a maximum amount of \$25,000.</p> <p>Express Program For small companies (50 or fewer employees) training employees using off-the-shelf training. A claimant can receive \$3,000 per trainee per course and a total of \$30,000 per company within a 24-month period.</p> <p>Hiring Incentive Training Program For all employers who pay into the fund. It provides a flat fee of \$5,000 per employee and up to \$75,000 per company. It also assists companies in paying for training for new employees who are Massachusetts residents who have been unemployed for 6 months or more (the period of unemployment is waived for Veterans (DD214 is required)).</p>
Eligibility	<ul style="list-style-type: none"> ▪ The business or labor organization applying for a grant must pay into the Workforce Training Fund and must be current with its Unemployment Insurance payments ▪ All trainees must be employed in Massachusetts. Trainees cannot be government employees ▪ A certified copy of a <i>Certificate in Good Standing</i> from the Massachusetts Department of Revenue (DOR) must be provided at the time of application
Additional Information	To learn more about the Workforce Training Fund program, go to www.mass.gov/wtftp .

DUA Economic Data and MassStats information	
Description	These programs provide interactive information on current economic trends, the Commonwealth's industries, occupations and labor force. DUA economists collect and analyze statistics on population, employment, wages, economic indicators and occupational/industry projections. Information is published regularly in printed publications and on the web. DUA's website has a large volume of economic data instantly available.
Benefits	<p>Whether you are starting a new business or growing your current operations, ensure that you are building on a strong foundation by:</p> <ul style="list-style-type: none"> ▪ Researching the best locations for your company ▪ Getting an economic snapshot of Massachusetts cities and towns including family income, local tax revenues, property values, population, and building permit information ▪ Checking on the availability of the labor supply you will need
Eligibility	These services are available to the general public.
Additional Information	To learn more about the MassStats program, visit www.mass.gov/lmi .

D. Glossary

Alternate base period

Wages paid during the three most recently completed calendar quarters, plus the time between the last completed quarter and the effective date of the claim. If a claimant is not monetarily eligible for benefits using the primary base period, and would be eligible using the alternate, DUA will automatically use this method to determine your benefits. Also, claimants may elect to use the alternate base period if they provide credible documentation showing that their maximum benefit amount would be increased by at least 10% by using the alternate base period.

Average weekly wage

A formula established by law based on the total amount of wages paid during the base period.

Maximum benefit amount

The total amount of benefits a claimant is potentially eligible to collect during a benefit year if they meet all the other eligibility requirements of the law.

Weekly benefit amount

The amount of monetary benefits a claimant is eligible to receive each week. This equates to 50% of a claimant's average weekly wage up to the current maximum.

Benefit year

52 weeks following the effective date of a claim.

Duration of benefits

The maximum number of weeks a claimant can collect. This is determined by dividing the maximum benefit amount by the weekly benefit amount. The maximum number of weeks a claimant can collect full benefits is 30 weeks (capped at 26 weeks during periods of extended benefits).

Effective date of the claim

It is the date the claim begins. This is typically the Sunday of the calendar week in which a claim is initially filed.

Interstate claims

Claims filed by Massachusetts workers who have moved to another state.

Intrastate claims

Claims filed by Massachusetts workers who live in Massachusetts.

Primary base period

The last four completed calendar quarters immediately preceding the date on which a claim is effective. Claims are based on wages received during this period.

TeleCert

Interactive telephone system for claiming weekly benefits. TeleCert is available in English or Spanish.

Waiting week

The first week in which a claimant is eligible to collect benefits is their waiting period. Every effort will be made to pay benefits three weeks from the first week in which a claim is filed. The total number of weeks for which a claimant is eligible is not reduced by this waiting period.