

# Unemployment Insurance Agency MICHIGAN EMPLOYER ADVISOR

Fall 2014

FROM THE  
**director**



## *Dear Employer:*

This fall, the UIA celebrated its first full year of having a fully integrated tax and benefits system. The Michigan Web Account Manager (MiWAM) has been instrumental in helping us to provide you with a more efficient and convenient method of interacting with the Agency for managing your unemployment tax accounts online.

As with any new system, there are always minor tweaks and adjustments to make sure it is operating as effectively as possible for customers. Through feedback from staff and customers, we are well on our way to optimum performance. I hope you have been taking advantage of everything MiWAM has to offer. MiWAM offers so many more options for web-based, self-service than ever were available before. The features enable you to submit wage and payment information, view letters and correspondence, respond to fact-finding, make payments and more. Make sure you refer to the MiWAM Toolkit for Employers, which can be found at [www.michigan.gov/uia](http://www.michigan.gov/uia) for step by step instructions and helpful information on how to use MiWAM. It has recently been revised to include any new updates to the system.

And if you haven't signed up for a MiWAM account – it's not only convenient, efficient and easy to use – it's also required. Beginning with the first quarter of 2015, by law, all employers will be required to file their unemployment tax reports online. Please see the story on page 2 for all the details.

If you need more information about MiWAM, please don't hesitate to contact the Office of Employer Ombudsman at 1-855-484-2636 or by email at [oeo@michigan.gov](mailto:oeo@michigan.gov). If you need technical support for the MiWAM system, contact MiWAM Support at 313-456-2188 or [MiWAMSupport@michigan.gov](mailto:MiWAMSupport@michigan.gov).

Sincerely,

Sharon Moffett-Massey, Director  
Unemployment Insurance Agency

## THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment  
Insurance Agency newsletter  
for Michigan Employers about  
unemployment insurance.

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# Electronic Filing Requirement for Quarterly Tax Reports

*Employers with 5 or fewer employees now required to file online*



By now, all employers with 6 to 24 employees should be filing quarterly taxes electronically – through the Michigan Web Account Manager (MiWAM) in accordance with Section 13(2) of the Michigan Employment Security Act (see sidebar).

Beginning with the first quarter 2015 (first quarter reports are due April 25, 2015), all employers **with 5 or fewer** employees will also be required to file their tax reports (UIA 1028) electronically.

As you know, the online filing requirement has been phased in over three years. Starting with the first quarter of 2013, employers with 25 or more employees were required to file online. Beginning with the 2014 tax year, the requirement was expanded to include employers with 6 to 24 employees, and now, beginning in 2015, employers with five or fewer employees.

This requirement came with the amendments that were made to the Michigan Employment Security Act in 2011 (P.A. 269), but is also a huge step toward fulfilling an Agency goal of creating more efficiencies for both employers and claimants including paperwork reduction and more timely and convenient interaction with UIA for account management.

Filing reports online is simple and convenient and can only be done with a MiWAM account. MiWAM also offers many other convenient and helpful features for managing your UIA tax account such as scheduling or making payments, responding to fact finding inquiries, filing UIA tax protests, viewing notices and letters from the Agency and more.

If you haven't already registered for a MiWAM account, do it today at [michigan.gov/uiia](http://michigan.gov/uiia). Be sure to download or view the MiWAM Toolkit, which provides you with everything you need to know about how to use MiWAM, including helpful step-by-step instructions.

If you are an employer with 6 to 24 employees, as of April 2014, you should already be filing your quarterly reports electronically through the Michigan Web Account Manager (MiWAM). If you are still sending in your reports on a paper, you will receive a notice from the UIA indicating that the paper form 1028 will not be processed and will not be returned. Financial penalties begin to accrue 15 days after the mail date of the notice.

To file electronically, you must have an established MiWAM account. If you need to create a MiWAM account, go to [www.michigan.gov/uiia](http://www.michigan.gov/uiia), click on the "Michigan Web Account Manager for Claimants and Employers." For technical support, including how to successfully upload files, contact MiWAM support at (313) 456-2188 or email [MiWAMsupport@michigan.gov](mailto:MiWAMsupport@michigan.gov).

For more information please contact the Office of Employer Ombudsman (OEO) at 1-855-484-2636 (4-UIAOEO) or 313-456-2300, or email [OEO@michigan.gov](mailto:OEO@michigan.gov).

# How the Minimum Wage Increase Affects Unemployment Benefit Payments and Charges

As you know, the minimum wage in Michigan increased on September 1, 2014 to \$8.15. The new law will also hike the minimum wage rate again on January 1, 2016 to \$8.50 per hour, then to \$8.90 per hour on January 1, 2017, and \$9.25 per hour effective January 1, 2018.



How does this increase in the minimum wage affect unemployment benefit payments and charges?

To establish a new claim for benefits, the Michigan Employment Security Act requires that an individual must have been paid wages of a certain amount during the “base period” of a claim. The base period is defined as a period of four consecutive completed calendar quarters. There are two types of base periods, the Standard Base Period and the Alternate Base Period. The Standard Base Period is the first four of the last five completed calendar quarters prior to when the claim was filed. The Alternate Base Period is the last four completed calendar quarters prior to when the claim was filed.

The law requires that in the calendar quarter of the base period in which the claimant had his or her highest wages, the wages must be a statutory minimum amount. That minimum amount of “high quarter wages” is calculated by multiplying the state minimum hourly wage by a factor of 388.06.

The chart below (left) shows the high quarter wages required due to the increase in the state minimum hourly wage.

When unemployment benefits are paid, the accounts of the claimant’s former employers are usually charged for those benefits. The account of the separating employer (the employer for whom the claimant worked immediately before he or she filed the new claim) is charged 100 percent of the first two weeks of benefits if the claimant was paid at least 280 times the state minimum hourly wage during the claimant’s last period of employment with that employer. On that basis, listed below in the chart on the right are the gross wage amounts that the separating employer would have to pay in order to be chargeable for 100 percent of the first two weeks of benefits.

Find a fact sheet with more details about the minimum wage increase and its effects on your benefit charges, at the UIA website at [www.michigan.gov/uia](http://www.michigan.gov/uia).

Effective Dates of Benefit Years	Phased Amounts of High Quarter Wages
January 4, 2015	Applies to Alternate Base Period or Alternate Earnings Qualifier only
April 5, 2015	\$3,162
July 3, 2016	\$3,298
July 2, 2017	\$3,453
July 1, 2018 and after	\$3,589

Effective Dates of Benefit Years	Phased Amount of Wages Paid by Separating Employer
April 5, 2015	\$2,282
July 3, 2016	\$2,380
July 2, 2017	\$2,492
July 1, 2018 and after	\$2,590

# Report Special Payments through MiWAM

## Make Sure Your Employees Receive their Benefits on Time



If you're an employer whose workers receive vacation pay, holiday pay or bonus pay, these kinds of payments reduce the amount of unemployment a worker is entitled to receive.

To ensure claimants receive their proper unemployment benefits, and to make sure your tax rate is not impacted, employers should report the gross amount of the holiday or vacation pay and the period to which it is allocated to the UIA.

If you participate in the Employer Filed Claims (EFC) program, You can notify the UIA about holiday and other special payments via electronic file submission through the Michigan Web Account Manager (MiWAM).

Filing through MiWAM allows an EFC employer to submit a single file for their employees, and not have to respond to multiple sets of questions about the same instance. You can submit electronic files for multiple employees who receive Vacation Pay, Bonus Pay, or Holiday Pay.

These files will allow the Agency to determine the effect of the pay on unemployment insurance benefits before delays occur in the issuance of benefit payments.

The file formats to submit the files can be found in MiWAM under the Tax accounts, Account services tab, benefit services sub-tab.

For more information or step by step instructions about how to use MiWAM, download or view the MiWAM Toolkit for Employers at [www.michigan.gov/uiia](http://www.michigan.gov/uiia).

## Quicker Processing for WOTC by Applying Online

Now there is a faster, easier way to submit a Work Opportunity Tax Credit (WOTC) application. Applying online through the Michigan Web Account Manager not only expedites processing of your WOTC request, but reduces paperwork and mailing.

WOTC is a federal credit available to private-for-profit employers who hire from specific targeted groups of people that have in the past experienced difficulty in securing employment, such as disabled veterans, long-term recipients of Temporary Assistance to Needy Families and other target groups. The tax credit reduces an employer's cost of doing business while helping those most in need find and retain jobs.

Before the advent of MiWAM, employers submitted paper applications, mailed in tax forms and supporting documentation and waited for a response.

- By applying online:
- You will receive a Determination much quicker
  - You can check the status of your application at any time
  - You can print your own determination at any time

To submit your application online, just log into your MiWAM account at [www.michigan.gov/uiia](http://www.michigan.gov/uiia) and click on the link to complete the WOTC bulk application. Then go to the ACCOUNT SERVICES tab in MiWAM and access the WOTC application link.

Just follow the six easy steps, attach the supporting documentation and SUBMIT.

For step by step instructions about submitting a WOTC application online, visit [www.michigan.gov/uiia](http://www.michigan.gov/uiia) to view or download the [MiWAM Toolkit for WOTC](#).

Questions? Contact UIA's WOTC Unit at 1-800-482-2050 or 313-456-2105.

# Good News for Michigan Employers

## Michigan's Workers' Compensation Rate Decreases 28% since 2011

The Michigan Department of Licensing & Regulatory Affairs (LARA) has announced the pure premium advisory rate for workers' compensation insurance will drop by an average of 6.5 percent in 2015. This translates to a 6.3 percent decrease annually from 2011-15.

The pure premium is a key factor in determining a job provider's overall expenses for workers' compensation and is the portion of an employer's insurance premium that pays for the anticipated claims costs for work-related injuries. These rates are developed by comparing the losses (or claims) for a particular industry to the payroll for that industry.

The decrease in the premium rate signifies a lower trend for worker's compensation insurance rates in Michigan -- great news for Michigan employers and ultimately employees and job seekers. Workers' comp premiums are overhead costs and these savings can free up additional capital to hire new employees and open additional facilities.

The pure premium rate will decrease 22.7 percent since 2011, saving Michigan employers an estimated \$277 million.

The most recent comparison data, from the National Council on Compensation Insurance, shows that Michigan's cumulative pure premium decrease of 22.7 percent from 2011-14 is best in the Midwest and second best in the nation. While Michigan's rate plummeted, the national average went up 10.8 percent.

For more information on the Workers' Compensation rate decrease, visit the Workers' Compensation Agency website at [michigan.gov/wca](http://michigan.gov/wca).

### Saving Michigan Businesses

**\$277**  
Million

#### Workers Comp Pure Premium Rate Changes 2011-2014

Michigan	-22.7%
Pennsylvania	-13.4%
Illinois	-12.8%
Wisconsin	0.0%
Indiana	+0.5%
National Average	+10.8%

<sup>1</sup>National Council on Compensation Insurance, Annual Statistical Bulletin 2011-14

<sup>2</sup>Compensation Advisory Organization of Michigan, Analysis of Premiums, 2014

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## THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment Insurance Agency periodical for Michigan Employers about unemployment insurance. Submissions should be related to UIA programs and services.



**Rick Snyder**, Governor,  
State of Michigan

**Mike Zimmer**, Acting Director, LARA

**Sharon Moffett-Massey**, Director, UIA

**Melanie Brown**, Director,  
Office of Communications, LARA

**Lynda M. Robinson**, Editor,  
Office of Communications, LARA

LARA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

State of Michigan, Department of Licensing and Regulatory Affairs, Unemployment Insurance Agency, Authority, UIA Director, Published November 2014.

Please direct questions, suggestions and comments to: [employeradvisor@michigan.gov](mailto:employeradvisor@michigan.gov)