Collecting Unemployment Benefits While Working

“Partial Earnings” / “Low Earnings”

The following explanation, prepared by your USC consultants, is to acquaint you with the criteria used by the state unemployment offices in determining whether or not to charge your account unemployment benefits. Even though their decisions may conflict with sound company policy and procedure they are required to “liberally interpret the separation information in aid of its purpose, which is to lighten the burden which now falls on the unemployed worker and his family”.

All states provide for the partial payment of unemployment benefits when an individual’s hours or pay are reduced. To determine if the worker is eligible for unemployment, they must first file a claim for unemployment and have the state determine their weekly unemployment benefit amount (WBA) which is determined by past earnings. If the amount they earned for working part of a week is less than what they could have collected for unemployment for the week, they will qualify for a partial benefit.

To encourage employees to accept part-time work rather than just stay home and collect, most states provide a financial incentive which allows them to collect a full unemployment check plus the incentive amount. Any amount earned over the incentive is then deducted from their weekly benefit amount. The charges are paid for by the employer.

**How to determine if a worker is eligible for a partial benefit**

States have different financial incentives, however in this example we will use Massachusetts. An employee earning $600 weekly on average for the past year will qualify for $300 in unemployment benefits for any week in which there is no work. The weekly benefit rate is generally 50% of the employee’s average weekly wage. The financial incentive in MA is 1/3 of the WBA. In this example, 1/3 of $300 = $100. Therefore an employee who accepts part-time work and earns $100 or less for the week, will collect their full unemployment check in addition to the $100 in earnings. For each dollar the worker earns over the $100 incentive, the state will deduct one dollar for each dollar earned from their $300 WBA. In other words, if $101 was earned for the week, the worker would receive an unemployment check for $299 plus the $101.