

CWC Questions and Answers

1. When a claimant with an existing benefit year is indefinitely disqualified, thereafter establishes a CWC claim, and subsequently has sufficient employment and earnings to requalify on the first claim, may the claimant exercise an option of filing against the first claim or the CWC claim?

Answer. Generally no. Once the claimant exercises the option to establish a subsequent benefit year the rules of the “order of liability”, as specified in ET Handbook No. 392, Section I.3, govern the claimant’s filing rights. Therefore, the claimant must continue to file against the available credits on the CWC claim until benefits are no longer available unless the CWC claim is withdrawn under conditions specified in 20 CFR 616.7(d).

2. Does a claimant who is separately monetarily eligible under the law of the filing State, but monetarily ineligible under the law of the filing State when the claim is filed under the CWC arrangement, have the right to file an interstate CWC claim?

Answer. Yes. Separate eligibility in the filing State does not preclude the claimant from electing to file under the CWC arrangement. Once a claimant elects to file a CWC claim, the rules of the CWC arrangement apply. The definition of “paying State”, as published at 20 CFR 616.6(e), specifically provides that the “paying State” is the State in which the claimant files a CWC and qualifies in that State on the basis of combined employment and wages. The rule further states that when that condition is not met in the filing State, the “paying State” is the State in which the claimant was last employed and qualifies on the basis of combining. Therefore, in such case as described, the claimant has the right to file an interstate CWC claim because heshe does not qualify in the filing State on the basis of combining.

3. Does a claimant with covered employment and wages in one State and covered employment without wages in another State have a right to elect to file a CWC claim? If “yes”, how are costs calculated?

Answer. Yes. Section 3304(a)(9)(B) of FUTA and its implementing regulations at 20 CFR 616 make it clear that employment and wages are distinctly separate items. In defining employment and wages, 20 CFR 616.6(g) provides that “Employment” refers to all services which are covered under the unemployment compensation law of a State, whether expressed in terms of weeks of work or otherwise. “Wages” refers to all remuneration for such employment. Therefore, covered employment, even in the absence of covered wages must be transferred for use by a paying State to establish a CWC claim as 20 CFR 616.7 (a) specifically gives such a claimant the right to file a CWC. 20 CFR 616.8(f)(2) clearly provides that charges must be calculated on the basis of wages used in the monetary determination. Therefore, no charges will accrue to a State from which only employment, and no wages, are transferred.

4. Does a claimant who has elected, under 20 CFR 616.7(d), to withdraw a CWC claim that was filed in one State have the right to file a CWC in another State?

Answer. Yes. Any claimant that does not have a claim on file with available benefits and has covered employment and/or wages in more than one State has a right to elect to file under the CWC arrangement. Whether or not the claimant has withdrawn a prior CWC claim has no effect. A claimant may not, however, withdraw a CWC claim under the filing State’s law and file an interstate CWC against another State.

5. After what length of time must a paying State return transferred wages when the claimant has been issued an ineligible monetary determination?

Answer. Wages must be immediately returned to the transferring State when the most recent ineligible monetary determination, redetermination or appeals decision has become final. However, if the claimant is filing a substitute claim against another State, that circumstance dictates the immediate return of wages to all transferring States.

6. Are transferring States required to notify paying States of a possible disqualifying separation from the employer when the employment and wages are being transferred?

Answer. No. Transferring States are not required to provide separation information. However, if the State has such information in its possession, it would be helpful to include the information in the comments section of the TC-IB4 (or IB-4) to alert the paying State.

7. When the determination of a CWC claim is pending, should an IB-5 or TC-IB5 be sent to inform the transferring States of the status of the claim?

Answer. No. The IB-5 is used to advise a transferring State of its potential liability when an eligible monetary determination is issued or to return unused wages. The IB-5 is not used to otherwise provide status information. A TC-IB13 may be used to provide status information to the transferring State.

8. What are “regular sharable” benefits as shown on the IB-6?

Answer. “Regular sharable” are regular benefits paid to an individual for weeks of unemployment in excess of 26 weeks during an extended benefits (EB) period, but only to the extent that the sum of such compensation plus the regular compensation paid (or deemed paid) with respect to prior weeks in the applicable benefit year, exceed 26 times and does not exceed 39 times the average weekly benefit amount (including allowances for dependents) for weeks of total unemployment payable to the individual during the benefit year. See definition of “Sharable compensation” at 20 CFR 615.2(i).

The only paying States that will show benefit amounts in the “regular sharable” column of the IB-6 are those with a regular benefit duration that exceeds 26 weeks.

The transferring State receiving an IB-6 with a charge of “regular sharable” benefits should use the amount shown to determine benefit costs that are reimburseable from the Extended Unemployment Compensation Account under the EB regulations (20 CFR 615.14).

9. CWC procedure requires a copy of the monetary determination be sent with the IB-5 to the transferring State. When the TC-IB5 is used, is the paying State required to separately mail a monetary determination or will the TC-IB5 provide space to include the monetary determination?

Answer. No, to both questions. The information provided on the TC-IB5 is sufficient for the transferring State’s needs. However, if all wages transferred are not used in the determination, the TC-IB5 must include an explanation for the transferring State. Please note: Those States that have implemented the TC-IB5 may discontinue sending the back-up paper IB-5.

10. May a State refuse to transfer wages to another State when the claimant’s mailing address is in the transferring State?

Answer. No. The only conditions under which employment and wages are not transferable are specified in 20 CFR 616.9(b) (See Appendix A, ET Handbook No. 399, Item 9.).

11. Are privacy release statements required to obtain wage and separation information from Federal agencies for use on a CWC?

Answer. Generally, no. See UIPLs 44-88 dated June 15, 1988 and 44-88, Change 1, dated August 2, 1990 for guidance.

12. Since paying States are required to charge UCFE benefits directly, why not have the paying State obtain wages directly from the Federal Agency?

Answer. The assignment and use of UCFE wages must comply with the requirements of 20 CFR 609.8. The rules require that all of an individual's UCFE employment and wages are assigned at the time the first claim is filed. Therefore, although the employment and wages needed for use on the CWC claim involve only that portion in the base period of the paying State, the transferring State is required to obtain and assign all of the individual's employment and wages.

Additionally, the IB-4 request asks a series of other questions pertaining to the claimant, including whether or not the claimant has sufficient employment and wages in the base period of the transferring State to meet its monetary eligibility requirements and, if so, to what amount. The transferring State has to obtain employment and wage information in accordance with 20 CFR 609 in order to respond to these questions.

13. Why are paying States required to charge UCX and UCFE benefits directly to the Federal agencies instead of to the transferring State?

Answer. Administratively, billing and reimbursement of CWCs is costly. The paying State's charging of UCFE and UCX benefits directly to the Federal agency is a matter of administrative efficiency to eliminate unnecessary costs.

14. Due to a paying State's redetermination which changes a transferring State's pro rata share of benefit costs and/or an offset of an overpayment in the transferring State, the paying State owes the transferring State a credit. Is it acceptable to pay the credit by check or must the paying State wait to credit the transferring State on an IB-6?

Answer. The quarterly IB-6 billing and reimbursement system is designed to eliminate unnecessary processing of checks by both the paying and transferring States. At the end of each quarter, preparation of an IB-6 covers both accounts receivable (request for reimbursement) and accounts payable (credits and disbursement). It is not acceptable to send checks to the transferring State without the IB-6 which explains where the monies are to be credited. When the final calculations on an IB-6 indicate that the paying State owes the transferring State, a check should be prepared and forwarded together with the IB-6 which explains the disbursement. Credits should not be carried forward to the next quarter.

15. ET Handbook No. 399, Section b(2)(b), states, "The Form IB-6 should reflect credit for any benefits previously charged to the transferring State, when such benefits have been determined overpaid and recoverable and the determination is final during the quarter." What does "recoverable" mean?

Answer: When a State determines that benefits have been paid to a claimant improperly, a determination is made whether or not the State will recover the benefit amount overpaid from the claimant. When the State issues a determination to the claimant that the amount overpaid must be repaid (whether in cash or by offset of future benefits, without regard to whether the State will actively pursue recovery), the State has established a "recoverable" overpayment. The appropriate portion of the amount shown on the determination must be credited to the

transferring State(s) on the Form IB-6 when the date on which that determination becomes final falls within the quarter to which the Form IB-6 relates. If the paying State permanently waives recovery, the transferring State is not credited. If the waiver only postpones recovery, the transferring State is credited.

16. Should the IB-6 be used to credit States with amounts offset under the Interstate Reciprocal Overpayment Recovery Arrangement (IRORA)?

Answer. Yes, but only in specific cases. All claims shown on the IB-6 must be combined wage claims in which the State to which the IB-6 is addressed is a transferring State. Therefore, benefits offset from a claim listed to recover an overpayment for the transferring State should be shown on the IB-6. The amount shown is the amount that has been recovered from the claim listed and is being credited against the total charges to the transferring State shown in columns E, F, and G. Therefore, overpayment offsets that are against benefits payable on a non-CWC claim or a CWC claim in which the State is not a transferring State must not be shown on the IB-6. Disbursement of funds offset from CWC claims for non-participating States and from non-CWC claims for any State should be disbursed in accordance with the procedures provided in ET Handbook No. 392, Section IX, Item 22(b).

17. How much variance is allowed in the computation of charges on combined-wage claims?

Answer. 20 CFR 616.8(f)(2) reads as follows: "Except as provided in paragraphs (c)(2), (f)(3) and (f)(5) of this section, each such charge shall bear the same ratio to the total benefits paid to the Combined-Wage Claimant by the paying State as the claimant's wages transferred by the transferring State bear to the total wages used in such determination. Each such ratio shall be computed as a percentage, to three or more decimal places."

This means that variance in the calculation of pro rata shares are allowed to the extent that the variance is caused by the number of decimal places to which the pro rata share is computed. For example: If State A computes a pro rata share as .33456 and State B computes the same pro rata share as .3345511, when the claimant's WBA is \$100 with \$1300 having been paid in the quarter, State A's charge to the transferring State will be $33.456 \times 1300 = 434.93$. State B's charge will be $.3345511 \times 1300 = 434.92$. Both charges are calculated in accordance with the regulation and should be reimbursed in the amount shown.

18. Are the credits to the transferring State correct as shown in the following example when the paying State is recovering an overpayment for a transferring State?

The overpayment totals \$263.75. The paying State recovers the overpayment weekly as a percentage of the WBA which represents the transferring State's percentage (.58613) of total base period wages as follows:

Week	WBA	Amount offset	Amount Credited to TS
1	\$150	$.58613 \times 150 =$	\$87.92
2	\$150	$.58613 \times 150 =$	\$87.92
3	\$150	$.58613 \times 150 =$	\$87.92
Total credits =			\$263.76

Answer. No. The paying State should not offset from the claimant's benefits, or credit to the transferring State an amount in excess of the total debt. The amount offset and credited to the transferring State in the third week should be \$87.91.

19. ET Handbook No. 399, Section IV-16, requires paying States to relieve the transferring State of charges when it has issued an overpayment determination requiring the claimant to repay

the improperly paid benefits. Why is the paying State required to credit a transferring State for an overpayment on a CWC claim differently than it would credit the account of a reimbursable employer as both reimburse benefit costs on an actual cost basis?

Answer. A State in its role as a Transferring State is not an employer and must not be treated as such in the administration of the CWC program. Although the transferring State is liable for reimbursing the paying State for benefits paid, ultimately it is the account of the employer(s) in the transferring State that is charged with the payments.

Most employers are experience rated for tax purposes and all benefit charges affect the tax rate. Generally, when an overpayment determination is issued, the employer is relieved of charges for the overpaid benefits. When the benefits have been paid on a CWC claim, the transferring State must be relieved of charges in order to properly adjust the employer charges. Program experience shows that periodic credits over a long period of time result in employers not being relieved of charges. The transferring State(s) are often not able to identify the records against which the credit is to be applied as credits sometimes occur years after the benefit year ending of the CWC and transfer records have been purged.

20. After what time lapse should the paying State send a second request TC-IB4 when no response to the original request has been received?

Answer. The TC-IB4 system is coded with a 14-day second request follow-up, which may be changed by the paying State if it desires less frequent follow-up. However, no second request should be sent before 14 days have elapsed.

The system has been designed to provide an immediate response to all requests. Therefore, when no wages or only partial wages are available for immediate transfer, the transferring State should be providing an interim response advising the paying State of what actions are being taken. To date, not all States that are sending and receiving TC-IB4s have completed the State interface. Therefore, these interim responses are not automatic from some States. Hence, if the paying State does not receive an immediate response, it is not an indication that the request has not been received.

The paying State that is purging its files in less than 14 days from the date that the TC-IB4 request was sent should ensure that a second request is not sent prematurely.

21. What is the difference between an amended, an additional, and a corrected wage transfer?

Answer. An “amended transfer” changes the wages previously sent to the paying State. Therefore, it should provide all base period wages to totally replace the prior response(s). An “additional transfer” provides additional wages that are in addition to that previously sent. Both the “amended” and “additional” transfers are sometimes referred to as a “corrected transfer”. However, the term “corrected” may not be used in an automated environment as terms must have specific meanings for automatic processing.

Neither the “amended” or “additional” TC-IB4Rs will be used to change or add information pertaining to other items of the response. These type changes should be sent to the paying State on a TC-IB13.

22. Should transferring States telecommunicate “additional” and “amended” TC-IB4s? If “yes”, how are they handled?

Answer. No, not at this time. Eventually, both the “amended” and “additional” type responses will be transmitted. However, at that point, the States’ automated interfaces must be

able to distinguish between and process the different types of responses. The “additional” wages must be automatically added to the existing information to create an initial monetary determination or redetermination. The “amended” transfer should be treated as an exception as the use of amended wages is subject to the paying State’s law and policies regarding redeterminations.

Until such time as the “additional” and “amended” transfers are telecommunicated, a hard copy of form IB-4 or a TC-IB13, clearly identified as “additional” or “amended” wage transfer, should be sent to the paying State.

23. In some cases, a transferring State reports non-receipt of a TC-IB4 request. However, the paying State’s records show that a TC-IB4 has been sent. Since the TC-IB4 Code will not allow a duplicate entry of an IB-4, what procedure should the paying State follow to generate a duplicate TC-IB4 request to the transferring State?

Answer. The paying State should use the re-send option to transmit a duplicate request.

24. The TC-IB4 Code is coded with a 14-day, second request feature that most States are using. When the response to the original request is generated by the transferring State after a second request has been received, the automated response to the second request is “wages unavailable - previously used”. Should this response be sent to the transferring State or should the transferring State transmit a duplicate of the original response?

Answer. The second response showing the wages as unavailable - previously used should be transmitted. The second response should also state that there is an IB-4 on file and identify the State to which the previous response was sent. It should not duplicate the original response to the paying State.

25. The TC-IB4 system does not allow the transmission of another request to correct incorrect information provided on the original request, i.e., employer name or address, claimant name, etc. This information is critical when wages must be requested. What procedures should the paying State follow to send a corrected request to the transferring State?

Answer. A request can be corrected on the system only after an “IB-4 completed” response has been received. When the response has been received, the original request may be deleted (by a special transaction written in the paying State). After deletion, another request can be transmitted to the transferring State. If the paying State does not have this capability, a TC-IB13 should be used to provide the transferring State with the correct information.

26. Under the TC-IB4 system, may a transferring State refuse to transfer wages when there is an existing claim on file with benefits unavailable because of an indefinite disqualification?

Answer. No. Employment and wages are “not transferable” only when the conditions specified at 20 CFR 616.9(b) exist (See Appendix A, ET Handbook No. 399, Item 9).

27. A TC-IB4 response which transfers partial wages is marked “more information to follow.” When the additional wages are transferred, is the response identified as “original”, “additional” or “amended”?

Answer. Additional. (See question and answer no. 21.)

28. If it is determined that the wages being transferred are incorrect after the “response in progress” record has been created but “still in review”, how can the transferring State correct the wages before transfer?

Answer. The system should allow the correction of wages anytime before they are sent. You should be able to type over the displayed wages. However, if wages are changed, remember that the wage file postings must be updated.

29. When the transferring State has to request information from more than one employer, should a TC-IB4 response be sent each time an employer response is received or should the transferring State wait for responses from all employers?

Answer. Assuming that all requests to employers were initiated at the same time, transferring States should delay a response until all employers have responded or until the employers' response time has expired. After that date, as wage information is received, a response should be sent marked "more information to follow" until the response is completed.

30. The UI Quality Appraisal measures the timeliness of wage transfers. In the absence of paper documents, how will this review be conducted?

Answer. The TC-IB4 system provides a file which should contain the information necessary to accomplish this review. When the information is purged from this file, it should be stored in an accessible manner.