

# Program Letter

United States  
Railroad Retirement Board  
Office of Programs



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Circular Letter UI-C-218

Released: January 1, 1991

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TO: Chief Executive Officers

SUBJECT: Experience Rating - Employer Benefit Charges

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**Please share this information with the appropriate members of your staff who file service and compensation reporting forms for employees of your organization.**

This circular letter explains how employers are charged under the experience rating provisions of the Railroad Unemployment Insurance Act (RUIA) for unemployment and sickness benefits paid to their employees. The statutory basis for the assessment of benefit charges is section 8(a)(15) of the RUIA (45 U.S.C. 368(a)(15)).

## How Benefits Are Charged

Unemployment and sickness benefits paid to an employee are charged to the cumulative benefit balance of the employee's base year employer(s). This corresponds with benefit qualification, which is based upon an employee's service months and RUIA compensation with the base year employer. Exception: Unemployment benefits paid as a result of a strike are charged to the system unallocated charge balance, which is prorated among all employers.

Here is an example: John worked for Railroad X from January 1993 through March 1994. He worked for Railroad Z from April 1994 until October 1994 when he was furloughed and collected RUIA unemployment benefits based on his 1993 earnings. As the base year employer, Railroad X's cumulative benefit balance is charged for the unemployment benefits, even though John last worked for and was furloughed by Railroad Z.

## Multiple Base Year Employers

The RUIA provides that benefits paid to an employee with more than one base year employer are charged to the employers in reverse chronological order of base year employment, if the last base year employer is also the employer at the time of the benefit claim. Under this provision, the benefits charged to each employer may not exceed the compensation each employer reported. Benefits that exceed employer compensation are charged to the system unallocated charge balance.

In all other multiple base year employer situations, the RUIA provides that benefit charges be pro-rated between or among the base year employers in the same ratio as each employer's compensation bears to the total base year RUIA compensation reported for the employee. Under this method, benefit charges to an employer may exceed the amount of base year compensation reported for the employee. Attachment I illustrates the distribution of benefit charges in multiple base year employer situations.

### **Benefit Credits**

Repaid benefits are credited to an employer's cumulative benefit balance if the benefits were previously charged to that employer. The recovery of benefits paid before January 1, 1990 (the start of experience rating) is credited to the system unallocated charge balance.

### **Form ID-4E, Notice of RUIA Claim Determinations**

The Office of Experience Rating sends Form ID-4E, Notice of RUIA Claim Determinations, to base year employers to notify them of RUIA benefit payments resulting in charges to their experience. The benefits charged are shown in parentheses under the GROSS PAYABLE heading. Because an employer's tax rate is determined partly by the benefits paid to its employees, employers have the right to request reconsideration of benefit payments. See Circular Letter No. UI-C-229 for complete information about Forms ID-4E and instructions on how to protest the payment of benefits to an employee.

### **Questions**

If you have questions about this letter or another aspect of experience rating, you may direct your questions in writing to:

U. S. Railroad Retirement Board  
Office of Programs - Policy & Systems  
Experience Rating Unit  
844 N. Rush Street  
Chicago, Illinois 60611-1275

## Examples

### Example I:

Sue worked for three employers in 1994. Her reported service months and RUIA compensation from each base year employer, in reverse chronological order, were as follows:

Employer	Service Months	RUIA Comp
A	Sept thru Dec	\$1,700.30
B	May thru Aug	\$ 1,893.00
C	Jan thru March	\$ 1,786.80
Total		\$5,380.10

Sue continued to work for Employer A until June 1995, when she became ill. She filed for sickness benefits in the new benefit year beginning July 1, 1995, and was subsequently paid a total of \$4,030.00. The first \$1,700.30 in benefits paid to her was charged to Employer A. Next, Employer B was charged benefits of \$1,893.00, the amount of Sue's base year compensation reported by B. Employer C was then charged the amount of any remaining benefits. Thus, the total charges were distributed like this:

Base Year Employer	Last Base Year Service Month	Base Year RUIA Comp	Benefit Charges
A	December	\$ 1,700.30	\$ 1,700.30
B	August	\$ 1,893.00	\$ 1,893.00
C	March	\$ 1,786.80	\$ 436.70
Total		\$ 5,380.10	\$ 4,030.00

### Example II:

Sue resigned from Employer A in April 1995 to take a position with another employer, which laid her off in August. She applied for and received RUIA unemployment benefits of \$4,030.00 based upon her 1994 railroad earnings. Because Sue's last base year employer differed from her employer at the time she claimed, the charges were prorated among her three base year employers as follows:

Base Year Employer	Last Base Year Service Month	Base Year RUIA Comp	Pct. of Total Compensation	Benefit Charges
A	December	\$ 1,700.30	0.31603502	\$1,273.63
B	August	\$ 1,893.00	0.35185220	\$1,417.96
C	March	\$ 1,786.80	0.33211278	\$1,338.41
Total		\$ 5,380.10	1.00000000	\$4,030.00