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DIRECTIVE: UNEMPLOYMENT INSURANCE PROGRAM LETTER 38-86

TO: ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM: Barbara Ann Farmer, Acting Administrator for Regional Management

SUBJECT: Military Reenlistment Bonuses are Not Considered Federal Military Wages for UCX Purposes.

1. **Purpose:** To provide guidance concerning Military reenlistment bonuses for UCX purposes.
2. **Background:** Recently, a SESA raised a question regarding whether or not Military reenlistment bonuses are considered wages for UCX purposes.
3. **Information:** Section 8521(a)(2) of 5 USC defines "Federal (military) wages" as "all pay and allowances, in cash and in kind, for Federal service, computed on the basis of the pay and allowances for the pay grade of the individual at the time of his latest discharge or release from Federal service..." as determined pursuant to the applicable Schedule of Remuneration issued by the Secretary of Labor (20 C.F.R. 614.12). The Schedule of Remuneration specifies the pay and allowances for each pay grade and "reflect(s) representative amounts for appropriate elements of the pay and allowance whether in case or in kind." Id. The most recent Schedule of Remuneration was issued on December 31, 1985, in UIPL No. 7-6, and was effective with respect to UCX first claims filed on or after January 5, 1986 (51 FR 3276).

Reenlistment bonuses are not part of a service member's "pay and allowances" and therefore are not Federal military wages as defined in Section 8521(a)(2). Schedules of Remuneration that have been issued accordingly do not reflect the inclusion of reenlistment bonuses. In any event, in determining the "Federal wages" of an ex-servicemember for purposes of the UCX Program, States are required to compute such wages solely in accordance with the applicable Schedule of Remuneration, which is final and conclusive on the States for all purposes of the UCX Program (20 C.F.R. 614.25)

4. **Action Required:** SESA's are required to provide the above information to appropriate staff members.
5. **Inquiries:** Direct questions to appropriate regional office.