

# What Township Officials Need to Know About Unemployment Insurance

The Michigan Employment Security Act (MESA), MCL 421.1, *et seq.*, provides for unemployment insurance to be paid by Michigan employers. It also identifies certain categories of services that do not constitute employment for the purposes of eligibility for unemployment compensation. The MESA is overseen by the Unemployment Insurance Agency (UIA), located in the Michigan Department of Labor & Economic Growth.

## Townships are employers

Governmental entities, including townships, are employers under the MESA. As employers, townships must participate in the Unemployment Insurance system as either a “reimbursing” or a “contributing” employer.

By default, townships are **reimbursing** employers. That means the township makes payments to the UIA when an eligible employee files and is granted a claim for unemployment compensation.

Some townships have elected to be **contributing** employers. That means the township makes regular payments to the UIA based on a formula.

Note that, as an employer, the township is liable for unemployment compensation to an eligible employee when that employee is unemployed from the township **OR any other** employer while working for the township.

## Not all positions are included for unemployment

Some employees occupy positions that are “excluded” from coverage under the MESA. These workers do not qualify to receive unemployment benefits, and their wages cannot be used to establish a claim for benefits. Excluded workers should not be reported on the Quarterly Wage Detail Report (Form UC 1017), and their wages should not be included in the total wages reported on the Quarterly Tax Report (Form UC 1020).

Independent contractors and their employees are not eligible for unemployment compensation from the township.

For information on excluded employment and what information should be reported on your Quarterly Wage Detail Report or Quarterly Tax Report, contact the UI Tax Customer Relations Office toll free at (800) 638-3994.

## What positions are “excluded?”

The following list identifies the employment positions for a governmental entity that are **excluded** under MCL 421.43(o) and are **not eligible** to receive unemployment compensation:

- Officials serving in an elected position. In a township, this includes the **township board members** (elected or appointed), the **library board** or **park commission board** members, and **constables**.
- Members of legislative bodies or the judiciary. (Members of the state Supreme Court and Court of Appeals, as well as circuit and district court judges and magistrates. Also excluded are members of the state legislature and local city councils.)
- Those serving with local units of government on a temporary basis in case of fire, storms, snow, earthquakes, floods or similar emergencies. **Note:** As of June 2001, the State of Michigan clarified that volunteer fire fighters, including **paid, on-call, fire fighters** are considered “temporary” employees and not subject to unemployment benefits or reporting requirement. Do **not** report township employees who serve only in the capacity of paid, on-call fire fighters as employees for unemployment insurance purposes.
- Those who serve in posts that, under Michigan law, are designated as major nontenured policymaking or advisory positions or in policymaking or advisory posts whose duties do not ordinarily require more than eight hours week to perform. In townships, this includes the **board of review, planning commission, or zoning board of appeals**. It also includes a **deputy supervisor, clerk or treasurer**, to the extent that they do not perform non-deputy job-functions (UIA Letter, Nov. 21, 2007).
- Independent contractors** and their employees are not employees of the township and are not eligible for unemployment compensation from the township.
- Inmates** of a custodial or penal institution.
- Youths** who work through a summer employment program administered by the state **Departments of Natural Resources or Transportation**.

**\* Who are eligible employees?**

Even though an employee's position may be considered covered for unemployment benefits, the individual employee must meet eligibility requirements before he or she can file to receive unemployment.

The UIA will look at the employee's wages paid during either the standard base period (first four of the last five completed calendar quarters prior to filing a claim) or the "alternate" base period (four most recently completed calendar quarters).

**What if the township reports an excluded worker's wages by mistake?**

Some claims will be established in error based on the wage information. Since the wage report does not identify excluded positions, UIA staff assume that the workers and wages listed on the report are employed in covered position. The township can protest the claim when it receives a UIA determination allowing benefits for an excluded workers, but the best course of action is not to report the wages for anyone who is not in covered employment.

**For more information**

For more information about excluded employment and what information should be reported on your Quarterly Wage Detail Report or Quarterly Tax Report, contact the UIA Tax Customer Relations office toll-free at (800) 638-3994.

## Who should be reported as employees for unemployment insurance?

All employees who are not on the list of excluded positions should be considered employees for unemployment compensation purposes and reported. Note that employees that work in more than one capacity may be excluded for one position (board member; on-call fire fighter) and included for another position (office manager; cemetery sexton). Report only the included wages.

The following positions are considered covered employees (including, but not limited to):

- Officials' deputies--**BUT ONLY** for any non-deputy job functions, **NOT** the deputy position. (UIA Letter, Nov. 21, 2007).
- Fire chief and full-time fire fighters (Volunteer or paid, on-call fire fighters are **not** included.)
- Police chief, police officers, and other police department personnel
- Full-time emergency medical services or ambulance personnel (Volunteer or paid, on-call emergency employees are **not** included.)
- Election workers are considered part-time, temporary employees whose wages **must be reported** for unemployment tax purposes (UIA Letter, Dec. 2, 1998).
- All other eligible\*** (see above) full- or part-time township employees, including, but not limited to:
  - Assessor (if not the township supervisor or an independent contractor)
  - Cemetery sextons and workers
  - Clerical employees, all levels
  - Code inspection employees (building, plumbing, mechanical, and electrical inspectors and building officials— if not independent contractors)
  - Department of public works employees (water and sewer, roads, etc.)
  - Engineer (if not an independent contractor)
  - Facility staff: Township hall, campground, community center, golf course, library, parks, pool, senior center, transfer station, etc.
  - Maintenance/grounds/janitorial workers (if not independent contractor)
  - Office manager
  - Township manager or superintendent
  - Zoning department employees (planner, zoning enforcement officer, zoning administrator—if not independent contractors)