



Coverage of Services

What the law says: This issue is discussed in Sections 41(5) (a), 41(6), and 43 of the *Michigan Employment Security Act*. Generally, if a worker is an employee of another person or of a business, the worker will be “covered” for unemployment benefits, chargeable to the Unemployment Insurance Agency (UIA) account of that employer.

However, certain services are excluded from coverage for unemployment compensation. The most common exclusions include services performed by the following categories of workers:

1. Agricultural (farm) workers, unless the employer has a payroll, in cash, of at least \$20,000 in a calendar quarter or employed at least 10 workers in each of 20 different weeks in a year.
2. Domestic (household) workers, unless the employer has a payroll, in cash, of at least \$1,000 in a calendar quarter.
3. The parent or spouse of the business owner, or the child of the business owner if the child is under age 18. If the business is a corporation, benefits are payable, but only on a limited basis if the services are “covered,” and the claimant, alone or in combination with a child or spouse, owns more than 50% of the stock in the company. If the parent(s) of an unemployed worker under the age of 18 own over 50% of the stock, then the claimant’s benefits will be limited.
4. Real estate salespersons, sales representatives of investment companies, and insurance agents or solicitors, paid wholly or mainly on commission.
5. College students working for the school they attend, if they are primarily students. Also, the spouses of students at the college, if notified the employment is not covered for unemployment compensation.
6. Students under age 22 who work as part of a co-operative or distributive education program. Also high school students under age 18 who work for a private employer during restricted hours, or during school vacations following which they return to school, or who work as part of a co-operative or distributive education program. Finally, college students of any age who work for a private employer as part of a co-operative or distributive education program.
7. Workers for a religious organization (although some religious organizations have voluntarily elected to cover their workers.)
8. Elected officials and government officials in major policymaking positions.
9. Workers in work-training or work-relief programs, or in the Michigan Youth Corps, or in Americorps, if the worker received the full, guaranteed stipend.
10. Some home improvement and home remodeling salespersons.
11. Services performed by independent contractors (see Fact sheet on “Independent Contractor”)

Examples: If a person performs services in one of the above categories, then that service cannot be used to establish or pay a claim for unemployment benefits. However, if, in the base period of the claim, the worker performed both excluded work and other work that is not excluded, the worker might still be able establish a claim based on the non-excluded work.

In general, state unemployment taxes are not due on workers performing these excluded services, except for minor, high school students described in item 6, above.

Proof at the Hearing: The burden of proof is on the employer to show that the claimant’s services should be excluded. The unemployed worker can then disagree with the employer’s testimony.

For Further Help: The UIA Advocacy Program can provide assistance to employers and/or unemployed workers in preparing for an Administrative Law Judge hearing. Call 1-800-638-3994, Item 2.