

# UNEMPLOYMENT INSURANCE FOR GOVERNMENTAL ENTITIES

## WHAT IS A GOVERNMENTAL ENTITY?

A governmental entity is any state, county or local government unit, including political subdivisions such as school districts, irrigation districts, elementary districts, fire control districts or any other employing unit funded directly by tax levies.

## WHAT ARE MY OBLIGATIONS AS A GOVERNMENTAL ENTITY?

- \* File an Employer Registration Form (UI-1) with the Unemployment Insurance Division.
- \* Submit Quarterly Wage Reports (UI-5G) listing total wages paid to each employee. We send the reports each quarter.
- \* Pay taxes on total wages paid each quarter.

## HOW IS MY RATE COMPUTED?

Governmental entities are assigned a rate by dividing any benefits charged to your account by total wages paid. You will receive a rate notice each May. Rates are in effect from July 1 through June 30. In addition to the contribution rate, an Administrative Fund Tax of 0.09% is assessed on total wages paid.

## WILL I BE NOTIFIED WHEN AN UNEMPLOYMENT CLAIM IS FILED?

Yes, if you are the claimant's last employer or if you employed the claimant in the previous six weeks, you will receive a notice asking the reason for separation. The reason for separation will determine if the claimant is eligible to receive benefits. If you are a base period employer and we find the claimant eligible, your account will be charged.

If you are not the claimant's last employer, but paid wages to the claimant during the claimant's base period, your account will be charged.

**It is important to respond timely to notices of unemployment claims, especially if you believe your former employee should not be eligible for benefits.**

We send you a UI Benefit Charge Detail Notice if any benefits have been paid to former employees. The notice includes the name, social security number, and amount of benefits charged to your account for each claimant.

## **BENEFIT CHARGING FOR GOVERNMENTAL ENTITIES**

You will be charged with all or a portion of the benefits paid the claimant, if you paid wages in the claimant's base period. The claimant's base period is the first four of the last five completed calendar quarters prior to the quarter the claim is filed. The benefit charge is based on the percentage of wages you paid compared to total wages paid by all employers in the claimant's base period.

### ***For example:***

*You are a governmental entity and your employee, Chris, quits for a better-paying job and is later laid off by his new employer. Chris files and is found eligible to receive unemployment insurance benefits. Since you paid Chris 64% of the total wages received during his base period, your account is charged for 64% of the benefits paid to him even though Chris quit.*

Your account is charged regardless of the reason the employee separated from your employment. **There is one exception:** if you employ an individual part-time and you continue to provide employment to that individual with no fluctuation in their hours or wages, your account will not be charged.

The amount of benefits charged to your account is used in the computation of your contribution rate.

## **WHAT OTHER OPTIONS DO I HAVE?**

New governmental entities may elect reimbursable status by applying to the Unemployment Insurance Division. Reimbursable employers do not have a contribution rate but are required to reimburse the UI Trust Fund, dollar for dollar, the amount of benefits charged to their account. In addition, an Administrative Fund Tax of 0.08% is paid on total wages each quarter.

If you are already covered by Unemployment Insurance and wish to elect reimbursable status, you must apply in writing by June 1. We will establish your account effective July 1. You are required to complete a new employer registration form, and an election of method of payment form.

If your organization has stable employment with very low turnover, reimbursable status may be to your advantage. If there is fluctuation in the pattern of employment, being an experience rated employer would be your best option for budget purposes.

Once you have elected an option, you may not change to another option for a minimum of two years. We recommend that you review publication UI-71 for reimbursable employers prior to electing the reimbursable option.