
FISCAL UPDATE Article

Fiscal Services Division

April 17, 2020



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

COVID-19 — IOWA UNEMPLOYMENT INSURANCE TRUST FUND CONTRIBUTIONS

Governor Kim Reynolds announced on March 16, 2020, that claims for unemployment benefits that are filed and identified as a direct or indirect result of COVID-19 will not be charged to employers, and fact-finding interviews for these claims will be waived and not held, although employers will be notified of claims received. The moneys paid to employees filing for unemployment insurance benefits will be paid out of the Unemployment Insurance Trust Fund. The Trust Fund balance is included in determining the tax rates for employers. This means that the tax rates in the future may still be affected. Additional information for employers can be found [here](#).

The Iowa Department of Workforce Development (IWD) implemented updates to its leave policy on March 30, 2020, for filing unemployment insurance benefits following the March 27, 2020, enactment of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act ([H.R. 748](#)). The IWD announced that employees who are or will be laid off, or are unable to work for reasons related to COVID-19, will no longer be required to use all paid leave prior to being eligible for unemployment insurance benefits. This change is not retroactive and claims are not backdated prior to the week of March 29, 2020.

The policy requiring claimants to use all available paid leave prior to filing for unemployment benefits was intended to sustain the Iowa Unemployment Insurance Trust Fund, which is funded entirely by employers doing business in Iowa. This policy change takes into account that the CARES Act provides a significant source of additional funding for claimants. The CARES Act benefit programs also expanded the group of people eligible for unemployment benefits to include the self-employed, independent contractors, nonprofit employees, and gig economy workers as well as workers who have exhausted their benefits.

The Governor and the IWD announced during the Governor's April 9, 2020, [press conference](#) that once the Iowa Unemployment Insurance Trust Fund reaches a balance of \$950.0 million, employer accounts will be charged for COVID-19-related unemployment benefit payments. The balance in the Trust Fund as of April 9, 2020, was approximately \$1.130 billion. Claimants received a total of \$37.9 million in unemployment benefits for the week ending April 11, 2020. This includes approximately 46,000 initial claims and 129,000 continuing weekly claims. The expanded unemployment benefits under the federal CARES Act will not come from the Trust Fund, and the experiential ratings on businesses will not be affected by the federal CARES Act claims.

LSA Staff Contact: Ron Robinson (515.281.6256) ron.robinson@legis.iowa.gov

Doc ID 1133924