
FISCAL UPDATE Article

Fiscal Services Division

September 2, 2020



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COVID-19 — UNEMPLOYMENT INSURANCE TAX RATE TABLE CY 2021

The Iowa Department of Workforce Development (IWD) has announced that the unemployment insurance tax rates for Iowa employers will remain unchanged for CY 2021. Governor Kim Reynolds transferred \$490.0 million in federal [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) funds to the Unemployment Compensation Trust Fund on June 29, 2020. The balance in the Trust Fund is a key factor in determining which tax rate table will apply for the year. The tax table will remain table seven. Employers pay the lowest rates with tax table eight. The IWD has estimated that the transfer will reduce employer contributions to the Trust Fund by over \$400.0 million in CY 2021.

Iowa Code section [96.7](#) establishes the rules for determining the Unemployment Insurance tax table and the required employer contributions to the Trust Fund. The rules are designed to enable the Trust Fund to keep pace with potential liabilities as covered unemployment and wages grow.

Also, all unemployment claims filed and paid as a result of COVID-19 continue to not be charged to an employer. Chargeable benefits determine where the employer is placed in the tax rate table and the tax rate the employer must pay. Therefore, employers will not be required to pay additional taxes into the Trust Fund as a result of COVID-19 benefit payments. The moneys paid to employees filing for unemployment insurance benefits will be paid out of the Trust Fund. This means that the tax rates for CY 2022 may be affected if the balance of the Trust Fund decreases due to the payment of COVID-19 claims and employers not paying additional taxes. The Trust Fund had a balance of approximately \$1.144 billion as of August 27, 2020.

The Unemployment Compensation Trust Fund Status Report for CY 2019 can be found [here](#). The report includes information about the Trust Fund and the Unemployment Compensation Reserve Fund. Included is information about contributions and the balance of the funds. The [Historical Unemployment Insurance Tax Rate Table](#) provides current and past rate information. All tax rate tables can be found [here](#).

Additional information for employers can be found [here](#).

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Doc ID 1150893