
BUDGET UNIT BRIEF – FY 2023

Fiscal Services Division

July 1, 2022



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Unemployment Compensation (DOT) — Road Use Tax Fund

Purpose and History

Iowa's unemployment compensation law was enacted by the 46th General Assembly in 1936 Iowa Acts, chapter 4 (Iowa Code chapter 96), in response to the impact that the Great Depression had on the citizens of Iowa. The law requires employers to pay into the Unemployment Compensation Fund based on the benefit experience of the employer.

For State government employees, the Department of Administrative Services (DAS) pays all unemployment compensation claims from a General Fund appropriation. The DAS then bills departments for the costs associated with all non-General Fund employees.

State Funding

The Department of Transportation (DOT) receives appropriations from the Road Use Tax Fund (RUTF) and the Primary Road Fund to pay the annual costs of unemployment insurance premiums to the DAS. Historically, 5.0% of the total appropriation comes from the RUTF. Expenditures from the appropriation are for the actual amounts billed to the DOT by the DAS. Should the need for funding exceed the appropriation, as was the case in FY 2010, the DOT has requested and received authority to transfer funding from other operating accounts within the DOT to cover the shortfall, pursuant to Iowa Code section 8.39. In addition to the expenditures for unemployment compensation paid to former employees entitled to benefits, the DAS charges an administrative fee that is based on the previous quarter count of full-time equivalent (FTE) positions for the DOT.

Related Statutes and Administrative Rules

Iowa Code chapter [96](#)

Iowa Code sections [8.39](#) and [8A.402](#)

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More Information

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