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UNEMPLOYMENT COMPENSATION BENEFITS IN IOWA

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Unemployment Compensation Benefits in Iowa



I. Introduction

Unemployment compensation, also known as unemployment insurance, is a federal-state program to provide financial assistance in the form of unemployment benefits to unemployed workers while they seek work. The program is intended to provide a temporary partial replacement of wages in order to provide claimants with economic security while between jobs. The program requires a claimant to have completed a certain amount of work in order to become eligible for benefits and to seek work in order to maintain eligibility. Eligibility ends when a claimant finds suitable work or has received a maximum amount of benefits. Claimants in Iowa received \$417 million in benefits in 2012.¹

The program operates as a partnership between the state and federal governments, but is administered by state government. Federal law and regulations establish the taxation and benefit framework of the unemployment compensation program, with the states retaining flexibility to design their own programs within that framework.

The purpose of this Legislative Guide is to provide an overview of benefits available under Iowa's unemployment compensation law (Iowa Code chapter 96). This Legislative Guide summarizes key concepts and provisions of the program governing the unemployment benefits an individual can claim in Iowa, including the program's legal basis, eligibility requirements, benefit calculations, applicable penalties, options for additional benefits, and examples of how these concepts and provisions work in practice.

Unless otherwise indicated, references in this Legislative Guide to the Iowa Code are to the 2014 Iowa Code and references to the Iowa Administrative Code are current through September 25, 2013.

II. Legal Basis

A. Federal Law

The unemployment compensation program was established by the federal Social Security Act of 1935, now codified at 42 U.S.C. chapter 7, subchapter III. Key provisions such as the federal employer tax were established by the Federal Unemployment Tax Act of 1939, now codified at 26 U.S.C. chapter 23. Federal regulations can be found in 20 C.F.R. §§601-656.

B. State Law

The state of Iowa enacted a federally certified unemployment compensation program in 1936.² The program is currently administered by the Department of Workforce Development. Iowa's unemployment compensation program is governed by Iowa Code chapter 96. The department's rules for the program can be found in the Iowa Administrative Code under agency number 871, chapters 21-26.

¹ <http://www.iowaworkforce.org/lmi/uistats/statusbook.pdf>, p. 6 (last visited September 25, 2013).

² 1936 Iowa Acts ch. 4.



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C. Funding

The unemployment compensation program is funded by state and federal taxes on employers.³ The taxes are based on a percentage of wages paid by employers each year.⁴ These state and federal moneys are deposited in a federal Unemployment Trust Fund established in the United States Treasury, in which each state has a separate account, for the purposes of the program.⁵

III. Eligibility

A. General Requirements

Eligibility for unemployment compensation is based upon various factors in keeping with the program's goal of providing temporary assistance to unemployed workers until they are able to find work. Following are the primary eligibility requirements:

1. File a Claim and Register for Work. To receive unemployment benefits, a person must file a claim for benefits and register for work with the department in accordance with procedures adopted by the department.⁶

2. Unemployment. A claimant must be totally or partially unemployed.⁷ A partially unemployed claimant will become ineligible for unemployment benefits if the claimant's part-time weekly income exceeds the claimant's weekly benefit amount plus \$15.⁸

3. No Fault. The claimant must be unemployed through no fault of the claimant's own.⁹ This factor covers several different circumstances:

a. Voluntary Quitting. A person who voluntarily quits the person's job without good cause attributable to the person's employer (i.e., for reasons which are not the employer's fault) is ineligible for unemployment benefits.¹⁰ There are 10 exceptions, including taking a better job, health reasons, waiver of seniority rights, and relocation of a military spouse.¹¹ A person can regain eligibility after a voluntary quit if the person earns at least 10 times the person's weekly benefit amount in wages for work covered by unemployment compensation.¹² The calculation of the weekly benefit amount is discussed below in part IV.

b. Discharge for Misconduct. A person who is discharged from the person's job for misconduct in connection with the person's employment is ineligible for unemployment benefits.¹³ Misconduct does not include poor job performance or

³ See generally 26 U.S.C. ch. 23, Iowa Code §96.7.

⁴ 26 U.S.C. §330, Iowa Code §96.19(37).

⁵ 26 U.S.C. §3306(f), 42 U.S.C. §1104. The State of Iowa also has its own Unemployment Compensation Fund, which includes the moneys deposited in the federal Unemployment Trust Fund, as well as a supplemental Unemployment Compensation Reserve Fund in the state treasury. Iowa Code §96.9.

⁶ Iowa Code §96.4(1)-(2); Iowa Admin. Code 871-24.

⁷ Iowa Code §96.3(2)-(3).

⁸ Iowa Code §§96.3(3), 96.19(38)(b). See discussion of weekly benefit amount below in part IV.

⁹ Iowa Code §96.2.

¹⁰ Iowa Code §96.5(1).

¹¹ Iowa Code §96.5(1).

¹² Iowa Code §96.5(1)(g).

¹³ Iowa Code §96.5(2).

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good faith errors in judgment or discretion.¹⁴ A person can regain eligibility after a discharge for misconduct if the person earns at least 10 times the person's weekly benefit amount in wages for work covered by unemployment compensation.¹⁵ The calculation of the weekly benefit amount is discussed below in part IV. However, a person discharged for gross misconduct, defined as conviction of or confession to an indictable offense in connection with the person's employment, will lose credit for the purposes of unemployment compensation for all work done for that employer.¹⁶

c. Labor Disputes. A person involved in a labor dispute is ineligible for unemployment benefits.¹⁷ The determinative factor is not solely whether the person is a member of a union, but whether the person is participating in, financing, or directly interested in a labor dispute.¹⁸ A lockout, where employees are willing to continue to work during contract negotiations, but the employer refuses to allow them to work, is not considered a labor dispute for the purpose of disqualification from unemployment benefits.¹⁹

4. Able to Work, Available to Work, and Seeking Work. This factor is discussed below in section C.

5. Wage Requirements. This factor is discussed below in section B.

6. Reemployment services. A claimant must participate in any reemployment services required by the department.²⁰ These services will be targeted toward claimants the department determines are likely to exhaust their unemployment benefits and are in need of additional assistance to reenter the workforce.²¹

7. Eligibility Review Program. A claimant must participate in the Eligibility Review Program if required by the department.²² The program is used to accelerate the claimant's return to work and systematically review the claimant's efforts toward returning to work.²³ As part of the program, a claimant may be required to complete an eligibility review interview if the claimant is in an in-demand occupation and still unemployed, and if it appears that the claimant needs help in finding work or the claimant's eligibility is suspect.²⁴

¹⁴ Iowa Admin. Code 871-24.32(1)(a).

¹⁵ Iowa Code §96.5(2)(a).

¹⁶ Iowa Code §96.5(2)(b)-(c).

¹⁷ Iowa Code §96.5(4).

¹⁸ Iowa Code §96.5(4)(a); Iowa Admin. Code 871-24.34(2).

¹⁹ Iowa Admin. Code 871-24.34(8).

²⁰ Iowa Code §96.4(7).

²¹ Iowa Code §96.4(7); Iowa Admin. Code 871-24.6.

²² Iowa Admin. Code 871-24.11.

²³ Iowa Admin. Code 871-24.11(1).

²⁴ Iowa Admin. Code 871-24.11(5).



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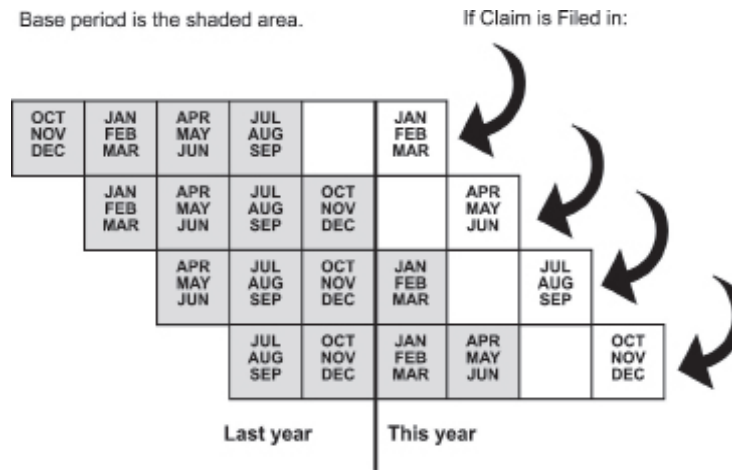
8. Quality Control Program. A claimant must participate in the Quality Control Program if selected by the department.²⁵ Under the program, the department randomly selects claimants who are currently filing for benefits and reviews their claim.²⁶ A selected claimant is asked to verify wages earned and work search contacts completed and must attend an interview with a program representative.²⁷

9. Lawful Immigration Status. Only aliens who are lawfully admitted for permanent residence at the time work is performed, lawfully present for the purpose of performing work, or are permanently residing in the United States under color of law at the time work is performed are eligible for unemployment benefits.²⁸

B. Wage Requirements

In order to qualify for unemployment benefits, a claimant must have been paid a certain amount of wages by employers covered by unemployment insurance during the claimant's base period.²⁹

Base period: A one-year period consisting of the first four of the last five completed calendar quarters before the calendar quarter in which a claimant files a claim for unemployment benefits.³⁰ **Calendar quarters** are three-month periods which begin on January 1, April 1, July 1, and October 1. The fifth quarter, called the lag quarter, is not counted.³¹ The following table outlines the calculation of a claimant's base period:



If a claimant did not earn sufficient wages to qualify for unemployment benefits during the base period, the claimant can still qualify through wages earned during an alternate base period.³² In the alternative base period, there is no lag quarter; the last four calendar quarters before the calendar quarter in which a claimant files a claim for unemployment

²⁵ <http://www.iowaworkforce.org/ui/claimants/70-6200factsforworkers.pdf>, pp. 16-17 (last visited September 25, 2013).

²⁶ Id.

²⁷ Id.

²⁸ Iowa Code §96.5(10).

²⁹ Iowa Code §96.4(4)(a).

³⁰ Iowa Code §96.19(3).

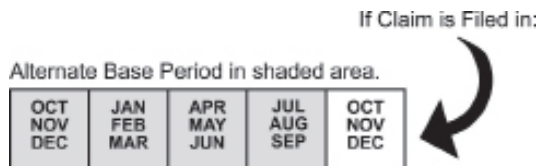
³¹ Iowa Code §96.19(6).

³² Iowa Code §96.4(4)(b).

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benefits are counted.³³ Compare a claim filed in October under the alternative base period with the previous table:



There are several components to the wage requirement. All of these requirements must be satisfied during the claimant's base period in order to qualify for unemployment benefits.

1. A claimant's total wages earned during the claimant's base period must equal at least 1.25 times the wages earned by the claimant during the claimant's high quarter.³⁴ The high quarter is the calendar quarter in the claimant's base period in which the claimant's wages were the highest.³⁵

Example: During a claimant's highest-paid calendar quarter in the base period, the claimant was paid \$10,000. The claimant would have to be paid at least \$12,500 total during the entire base period in order to qualify.

2. **a.** A claimant's total wages earned during the claimant's high quarter must equal at least 3.5 percent of the statewide average annual wage for work insured by the unemployment compensation program during the most recently completed year rounded to the nearest multiple of \$10.³⁶ For this purpose, a year begins on July 1.³⁷ For claims filed for benefit weeks beginning during the period from July 1, 2013, to June 30, 2014, this amount is \$1,400.³⁸ A claimant would have to have earned at least that much during the claimant's high quarter.

\$1,400 is 3.5 percent of \$40,106.68, the statewide average annual wage for work insured by the unemployment compensation program from the previous year, July 1, 2012, to June 30, 2013.

- b.** A claimant's total wages earned during a calendar quarter in the claimant's base period other than the claimant's high quarter must equal at least 1.75 percent of the statewide average annual wage for work insured by the unemployment compensation program during the most recently completed year rounded to the nearest multiple of \$10.³⁹ For claims filed for benefit weeks beginning during the period from July 1, 2013, to June 30, 2014, this amount is \$700.⁴⁰ A claimant would

³³ Iowa Code §96.4(4)(b).

³⁴ Iowa Code §96.4(4)(a).

³⁵ Iowa Code §96.4(4)(a).

³⁶ Iowa Code §96.4(4)(a).

³⁷ Iowa Code §96.4(4)(a).

³⁸ <http://www.iowaworkforce.org/news/2013/06242013.pdf> (last visited September 25, 2013).

³⁹ Iowa Code §96.4(4)(a).

⁴⁰ <http://www.iowaworkforce.org/news/2013/06242013.pdf> (last visited September 25, 2013).



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have to have earned at least that much than during a calendar quarter other than during the claimant's high quarter.

\$700 is 1.75 percent of \$40,106.68, the statewide average annual wage for work insured by the unemployment compensation program from the previous year, July 1, 2012, to June 30, 2013.

An individual who has not earned the necessary amount of wages during the individual's base period as described here will not qualify for unemployment benefits.

Furthermore, in order to qualify for unemployment benefits in an additional benefit year, a claimant must have earned at least \$250 in wages during or after the previous benefit year for employment covered by unemployment insurance.⁴¹

C. Work Search Requirements

1. Able to Work, Available for Work, and Earnestly and Actively Seeking Work

In order to maintain eligibility for unemployment benefits each week, a claimant is required to seek employment. Specifically, a claimant must be able to work, available for work, and earnestly and actively seeking work.⁴²

- **Able to Work.** A claimant must be physically and mentally able to work in reasonably suitable, comparable, gainful, full-time employment, although not necessarily the claimant's customary occupation.⁴³
- **Available for Work.** A claimant must at all times be in a position to accept suitable work.⁴⁴ This may require a claimant to seek work outside the claimant's customary occupation, retrain, or change occupations if work cannot be found.⁴⁵ A claimant cannot impose restrictions on such factors as type of work, hours, wages, or work location, which would leave no reasonable expectation of finding work.⁴⁶ Reasons why a claimant may be considered unavailable for work include illness or injury, loss of means of transportation, full-time schooling, self-employment, lack of child care, voluntary leaves of absence, incarceration, or traveling, among others.⁴⁷
- **Earnestly and Actively Seeking Work.** A claimant must earnestly and actively seek work, which requires a diligent search.⁴⁸ A claimant must make a sincere effort; merely making employer inquiries for the sake of complying with the law is insufficient.⁴⁹ Unreasonable limitations on the claimant's search as to salary, hours, or conditions of work may indicate the claimant is not earnestly seeking work.⁵⁰ Actions which may satisfy this work search requirement include applying to specific employers, responding to job advertisements, registering with a school's career

⁴¹ Iowa Code §96.4(4)(c).

⁴² Iowa Code §96.4(3).

⁴³ Iowa Admin. Code 871-24.22(1).

⁴⁴ Iowa Admin. Code 871-24.22(2)(l).

⁴⁵ Iowa Admin. Code 871-24.22(2)(l).

⁴⁶ Iowa Admin. Code 871-24.22(2)(m), 24.23.

⁴⁷ Iowa Admin. Code 871-24.23.

⁴⁸ Iowa Admin. Code 871-24.22(3).

⁴⁹ Iowa Admin. Code 871-24.22(3)(f)(4).

⁵⁰ Iowa Admin. Code 871-24.22(3).

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office or a private employment agency, or seeking openings through a civil service program.⁵¹ The department has discretion to determine the appropriate number of required employer contacts based on a claimant's individual circumstances and the labor market.⁵² The department generally requires that a claimant make at least two employer contacts per week and document the contacts.⁵³

2. Suitable Work

A claimant is required to accept suitable work when offered.⁵⁴ A claimant who refuses to accept suitable work will be ineligible for unemployment benefits until the claimant earns at least 10 times the claimant's weekly benefit amount in wages for work covered by unemployment compensation.⁵⁵ A determination of whether the work offered is suitable for a particular claimant is based upon various characteristics, including:

- Any risk to the claimant's health, safety, or morals.
- The claimant's physical fitness.
- The claimant's prior training.
- The length of the claimant's unemployment.
- The prospects of the claimant securing work in the claimant's customary occupation.
- The travel distance to the available work.⁵⁶

Additionally, a claimant need not accept work which:

- Offers a wage below the minimum wage.
- Results directly from a strike, lockout, or other labor dispute.
- Offers substantially less favorable wages, hours, or other working conditions to the claimant than those prevailing for similar work in the area.
- Would require the claimant to join or resign from a labor organization.⁵⁷

Finally, a claimant need not accept work which does not meet certain wage criteria. The wage criteria are based upon the claimant's average weekly wage for work covered by unemployment insurance during the high quarter in the claimant's base period.⁵⁸ The claimant's average weekly wage is calculated by taking the wages the claimant earned in the quarter of the claimant's base period in which the claimant earned the highest wages and dividing that amount by 13. The gross weekly wage offered by the prospective employer must equal or exceed the following percentage of a claimant's average weekly wage in order to be considered suitable work:

⁵¹ Iowa Admin. Code 871-24.22(3)(a).

⁵² Iowa Admin. Code 871-24.22(3)(b), 871-24.22(3)(f)(1).

⁵³ <http://www.iowaworkforce.org/ui/claimants/70-6200factsforworkers.pdf>, p. 5 (last visited September 25, 2013).

⁵⁴ Iowa Code §96.5(3).

⁵⁵ Iowa Code §96.5(3).

⁵⁶ Iowa Code §96.5(3)(a).

⁵⁷ Iowa Code §96.5(3)(a)-(b).

⁵⁸ Iowa Code §96.5(3)(a)(1). See Wage Requirements in section B above for discussion of the base period and high quarter.



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- 100 percent for work offered during the first five weeks of the unemployment claim.
- 75 percent for work offered during the 6th-12th weeks of the unemployment claim.
- 70 percent for work offered during the 13th-18th weeks of the unemployment claim.
- 65 percent for work offered after the 18th week of the unemployment claim.⁵⁹

Therefore, the longer a claimant remains unemployed, the lower the wage the claimant must accept, compared to the wage the claimant earned at the claimant's previous employment. If the gross weekly wage of a job offer does not meet this threshold, the claimant need not accept the offer.⁶⁰

Example 1: A claimant's high quarter wages were \$10,000. The claimant's average weekly wage would be 1/13 of that, or \$769. The claimant has been receiving unemployment benefits for four weeks. The claimant receives a job offer which pays \$550 a week. Because the claimant is within the first five weeks of the claimant's claim, the claimant is not required to accept work which pays less than 100 percent of the claimant's average weekly wage. The claimant may accept the offer, but will not become ineligible for unemployment benefits if the claimant does not.

Example 2: A claimant's high quarter wages were \$10,000, with an average weekly wage of \$769. The claimant has been receiving unemployment benefits for 17 weeks. The claimant receives a job offer which pays \$550 a week. Because the claimant is within the 13th-17th weeks of the claimant's claim, the claimant need not accept work which pays less than 70 percent of the claimant's average weekly wage, or \$538 a week. The offer pays more than the claimant's average weekly wage, so the claimant must accept the offer. If the claimant does not, the claimant will become ineligible for unemployment benefits.

It should also be noted that it is a violation of the work search requirements for a claimant to take a course of action designed to discourage a prospective employer from hiring the claimant for suitable work.⁶¹ Such a claimant would thus become ineligible for unemployment benefits.

3. Work Search Exemptions

Claimants are exempt from the work search requirements under certain circumstances. A claimant is exempt if the claimant is engaged in job training with the approval of the director of the department.⁶² A claimant is exempt if the claimant is receiving training extension benefits.⁶³ A claimant is exempt if the claimant is receiving benefits through the shared work unemployment compensation program.⁶⁴ A claimant is exempt if the claimant is unemployed due to a waiver of a seniority right to bump a less experienced employee.⁶⁵ A claimant who is a member of a union or professional organization which customarily fills job openings through a hiring hall or placement facility may use that process to satisfy the work search requirements, so long as the claimant

⁵⁹ Iowa Code §96.5(3)(a)(1).

⁶⁰ Iowa Code §96.5(3)(a)(1).

⁶¹ Iowa Admin. Code 871-24.22(3)(a)(7), 24.23(37), 24.24(12).

⁶² Iowa Code §96.4(6), Iowa Admin. Code 871-24.39.

⁶³ Iowa Code §§96.3(5)(b). See discussion of training extension benefits below in part VI.

⁶⁴ Iowa Code §96.40(6). See discussion of shared work unemployment compensation program below in part VI.

⁶⁵ Iowa Code §96.5(1)(h).

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registers with the hiring hall or placement facility and maintains weekly contact with the appropriate job placement official.⁶⁶

A claimant is exempt only from the requirement that the claimant is able to work, available for work, and earnestly and actively seeking work if the claimant is either:

- Temporarily unemployed but expects to be recalled within four weeks.⁶⁷
- Partially unemployed due to being reduced to less than full time by the claimant's regular employer and also earns less than the claimant's weekly benefit amount plus \$15.⁶⁸ However, such a claimant would only be entitled to partial benefits.⁶⁹

Note that a claimant who is self-employed and seeks unemployment benefits is not exempt from the work search requirements.⁷⁰

IV. Benefit Amount

A. Benefit Calculations

When a person files a claim for unemployment compensation, a one-year period called a benefit year begins.⁷¹ A claimant in Iowa can receive benefits for up to 26 weeks in a single benefit year.⁷² Benefit weeks do not need to be consecutive. The average benefit duration for all Iowa claimants in 2012 was 13.5 weeks.⁷³ The amount of benefits a claimant can receive per week is based upon several factors and is subject to weekly and yearly benefit caps. The average weekly benefit in 2012 was \$310.58.⁷⁴

A claimant's weekly benefit amount is based upon the number of dependents the claimant has and the amount of wages the claimant earned during the calendar quarter in the claimant's base period in which the claimant's wages were highest.⁷⁵ Dependent in this context means another person whom the claimant could claim as a dependent for federal tax purposes, which would typically include children and an unemployed or underemployed spouse.⁷⁶ A claimant can claim up to four dependents.⁷⁷ A claimant's weekly benefit amount will be a certain fraction of the claimant's high quarter wages.⁷⁸ The fraction increases with the number of dependents, as seen in the chart below. Thus, the more dependents a claimant has, the greater the claimant's weekly benefit amount will be.

⁶⁶ Iowa Admin. Code 871-24.22(3)(c), 24.22(3)(f)(4).

⁶⁷ Iowa Code §96.4(3).

⁶⁸ Iowa Code §96.4(3), Iowa Admin. Code 871-24.23(26). See discussion of weekly benefit amount below in part IV.

⁶⁹ Iowa Code §96.3(3).

⁷⁰ Iowa Admin. Code 871-24.23(7), 24.13(4)(a).

⁷¹ Iowa Code §96.19(3).

⁷² Iowa Code §96.3(5)(a). However, if a claimant becomes unemployed due to the claimant's employer going out of business at the location where the claimant was last employed, the maximum duration is 39 weeks in a single benefit year.

⁷³ <http://www.iowaworkforce.org/lmi/uistats/statusbook.pdf>, p. 6 (last visited September 25, 2013).

⁷⁴ Id.

⁷⁵ Iowa Code §96.3(4).

⁷⁶ The definition of "dependent" matches the definition used in the federal Internal Revenue Code, except that a spouse who is unemployed or who earns \$120 per week or less may be counted as a dependent. Iowa Code §§96.3(4), 422.12(1); 26 U.S.C. §152.

⁷⁷ Iowa Code §96.3(4).

⁷⁸ Iowa Code §96.3(4).



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Number of Dependents	Weekly Benefit Amount - Fraction of High Quarter Wages
0	1/23
1	1/22
2	1/21
3	1/20
4	1/19

Example: A claimant claims two children as dependents. The claimant's weekly benefit amount would be 1/21 of the claimant's high quarter wages.

However, a claimant's weekly benefit amount is subject to a maximum weekly benefit amount. A claimant's maximum weekly benefit amount is based in part upon the statewide average weekly wage for work insured by the unemployment compensation program during the most recently completed year.⁷⁹ For this purpose, a year begins on July 1.⁸⁰ For claims filed for benefit weeks beginning during the period from July 1, 2013, to June 30, 2014, the statewide average weekly wage is \$771.28.⁸¹ A claimant's maximum weekly benefit amount will be a certain percentage of the statewide average weekly wage.⁸² The percentage increases with the number of dependents, as seen in the chart below. Thus, the more dependents a claimant has, the greater the claimant's maximum weekly benefit amount will be.

Number of Dependents	Maximum Weekly Benefit Amount - Percent of Statewide Average Weekly Wage	Statewide Average Weekly Wage July 1, 2013- June 30, 2014	Maximum Weekly Benefit Amount as of July 2013
0	53%	\$771.28	\$408
1	55%		\$424
2	57%		\$439
3	60%		\$462
4	65%		\$501

Example 1: A claimant's high quarter wages were \$5,000. The claimant has two dependents. The claimant's weekly benefit amount would be 1/21 of \$5,000, or \$238. The claimant's maximum weekly benefit amount would be 57 percent of the statewide average weekly wage, \$771.28. Fifty-seven percent of \$771.28 is \$439.

⁷⁹ Iowa Code §96.3(4).

⁸⁰ Iowa Code §96.3(4).

⁸¹ <http://www.iowaworkforce.org/wc/newsandupdates.htm>, "2013-14 Weekly Minimum and Maximum Rates" (last visited September 25, 2013).

⁸² Iowa Code §96.3(4).

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The claimant's weekly benefit amount falls below the maximum weekly benefit amount and thus will not be capped. The claimant would receive \$238 per week.

Example 2: A claimant's high quarter wages were \$10,000. The claimant has three dependents. The claimant's weekly benefit amount would be 1/20 of \$10,000, or \$500. However, the claimant's maximum weekly benefit amount would be 60 percent of the statewide average weekly wage, \$771.28. Sixty percent of \$771.28 is \$462. The claimant's weekly benefit amount is higher than the maximum weekly benefit amount and therefore would be subject to the cap. The claimant's weekly benefit amount would be reduced to \$462.

Unemployment benefits are also subject to a maximum amount of benefits in a single benefit year. A claimant's maximum benefit amount in a benefit year is the lesser of the following:⁸³

1. Twenty-six times the claimant's weekly benefit amount.⁸⁴
2. One-third of the claimant's total wages during the claimant's base period.⁸⁵

Once a claimant has received the claimant's maximum benefit amount in a benefit year, the claimant's unemployment benefits are exhausted, and the claimant will receive no more benefits for that year.⁸⁶ A claimant who exhausts the claimant's unemployment benefits cannot file a new claim until the claimant's benefit year has ended.

Example: A claimant's weekly benefit amount is \$462. Twenty-six times \$462 is \$12,012. The claimant's total wages during the claimant's base period were \$33,000. One-third of \$33,000 is \$11,000. The lower figure applies. Thus, the claimant's maximum benefit amount for that benefit year is \$11,000. If the claimant receives \$11,000 in benefits, the claimant's unemployment benefits will be exhausted and the claimant will receive no more benefits for that benefit year. The claimant can file a new claim when the current benefit year ends, and if the claimant is determined to be eligible, can again receive benefits.

B. Benefit Deductions

Unemployment benefits are subject to various deductions based on other forms of employment-related monetary payment received by a claimant during a week in which the claimant receives benefits.⁸⁷ Such payments include:

- Vacation pay.⁸⁸
- Severance pay.⁸⁹
- Temporary disability payments under workers' compensation.⁹⁰

⁸³ Iowa Code §96.3(5)(a).

⁸⁴ This is increased to 39 times the claimant's weekly benefit amount if the claimant becomes unemployed due to the claimant's employer going out of business at the location where the claimant was last employed. Iowa Code §96.3(5)(a).

⁸⁵ This is increased to one-half if the claimant becomes unemployed due to the claimant's employer going out of business at the location where the claimant was last employed. Iowa Code §96.3(5)(a).

⁸⁶ Iowa Code §96.19(20).

⁸⁷ See generally Iowa Admin. Code 871-24.13, 24.16 for a complete list of possible deductions.

⁸⁸ Iowa Code §96.5(7), Iowa Admin. Code 871-24.13(1), 24.16, 24.17.

⁸⁹ Iowa Code §96.5(5)(a)(1).

⁹⁰ Iowa Code §96.5(5)(a)(2).



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- Employer-related pension, retirement, or annuity payments,⁹¹ reduced by the percentage of employee contributions.⁹²
- Part-time employment income. Any income for part-time employment a claimant earns which exceeds 25 percent of the claimant's weekly benefit amount will be deducted from the claimant's unemployment benefits.⁹³ Furthermore, if a claimant's part-time weekly income exceeds the claimant's weekly benefit amount plus \$15, then the claimant will be ineligible for unemployment benefits.⁹⁴

Example: A claimant's weekly benefit amount is \$449. The claimant's maximum benefit amount for that benefit year is \$11,000. Any part-time weekly income equal to or less than 25 percent of the claimant's weekly benefit amount, or \$112, will not be deducted from the claimant's benefits; so the claimant could earn up to \$112 from part-time work, and the claimant's benefits would be unaffected. If the claimant's part-time weekly income exceeds the claimant's weekly benefit amount plus \$15, or \$464, then the claimant will not be eligible for benefits that week. This leaves a range of \$113 to \$463 which affects the claimant's benefits. Any part-time weekly income earned in that range, minus 25 percent of the claimant's weekly benefit amount, or \$112, will be deducted from the claimant's weekly benefits; so, if the claimant earns \$200 per week, the \$200 minus \$112, or \$88, will be deducted from the claimant's weekly benefit. The claimant would receive \$449 minus \$88, or \$361 per week in benefits.
- Back pay.⁹⁵ If a claimant later receives back pay for a period in which the claimant received unemployment benefits, the department may recover the benefits from the claimant.⁹⁶

Some forms of monetary payment received by a claimant during a week in which the claimant receives benefits are counted as wages for the purposes of calculating the deduction for part-time employment income.⁹⁷ Such payments include:

- Holiday pay.⁹⁸
- Commissions and incentive pay.⁹⁹
- Strike pay.¹⁰⁰
- Tips and gratuity.¹⁰¹

⁹¹ Iowa Code §96.5(5)(a)(3).

⁹² Iowa Code §96.5(5)(a)(3).

⁹³ Iowa Code §96.3(3). See discussion of weekly benefit amount above in section A.

⁹⁴ Iowa Code §§96.3(3), 96.19(38)(b). See discussion of weekly benefit amount above in section A.

⁹⁵ Iowa Code §96.3(8).

⁹⁶ Iowa Code §96.3(8).

⁹⁷ See generally Iowa Admin. Code 871-24.13(2) for a complete list of such deductions.

⁹⁸ Iowa Admin. Code 871-24.13(2)(a).

⁹⁹ Iowa Admin. Code 871-24.13(2)(b)-(c).

¹⁰⁰ Iowa Admin. Code 871-24.13(2)(d).

¹⁰¹ Iowa Admin. Code 871-24.13(2)(g).

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Some forms of monetary payment received by a claimant during a week in which the claimant receives benefits are not deducted from unemployment benefits.¹⁰² Such payments include:

- Bonus pay.¹⁰³
- Social security benefit and social security disability payments.¹⁰⁴
- Self-employment income.¹⁰⁵ However, a claimant who is self-employed and seeks unemployment benefits must still satisfy the work requirements in order to qualify.¹⁰⁶

Note that by reducing the amount of benefits a claimant receives each week, a deduction means the claimant will take longer to reach the claimant's maximum benefit amount in a benefit year.¹⁰⁷ Thus, a deduction may result in a claimant receiving unemployment benefits for more weeks than the claimant would typically be eligible for.

Example: A claimant's weekly benefit amount is \$449. The claimant's maximum benefit amount for that benefit year is \$11,000. Ordinarily, the claimant would reach the \$11,000 cap in the claimant's 25th benefit week, and would be ineligible for further benefits for the rest of the benefit year. Now assume the claimant earns \$200 a week in part-time employment, which will result in a deduction of \$88 per week from the claimant's weekly benefit. The claimant will thus receive only \$361 a week. With a weekly unemployment benefit of \$361, the claimant will reach the \$11,000 cap in the claimant's 31st benefit week. Therefore, the part-time income deduction results in the claimant receiving a lower weekly benefit, but for six additional weeks.

Note that unemployment benefits are subject to state and federal income taxation.¹⁰⁸ A claimant can agree to have the department withhold the applicable taxes from the claimant's weekly benefits, much like an employer would.¹⁰⁹ Otherwise, the claimant will be responsible for making the payments. This deduction does not extend a claimant's period of eligibility for benefits.

V. Penalties

Various penalties may be applicable to a claimant who violates the unemployment compensation law. The penalties can be divided into unintentional violations and intentional violations.

A. Unintentional Violations. If a claimant receives benefits for which the claimant is ineligible, despite acting in good faith, and the claimant is not otherwise at fault, the department is required to recover from the claimant the benefits that were erroneously paid.¹¹⁰ The department may either deduct the amount to be recovered from future

¹⁰² See generally Iowa Admin. Code 871-24.13(4) for a complete list of such deductions.

¹⁰³ Iowa Admin. Code 871-24.13(4)(b).

¹⁰⁴ Iowa Admin. Code 871-24.13(4)(n).

¹⁰⁵ Iowa Admin. Code 871-24.13(4)(a).

¹⁰⁶ Iowa Admin. Code 871-24.23(7).

¹⁰⁷ See discussion of maximum benefit amount in a benefit year above in part IV.

¹⁰⁸ Iowa Code §96.3(10).

¹⁰⁹ Iowa Code §96.3(10).

¹¹⁰ Iowa Code §96.3(7)(a).



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unemployment benefits to be paid to the claimant, or require the claimant to repay the amount to the department.¹¹¹ The claimant will not be subject to any other penalty.

B. Intentional Violations. The penalties for intentional violations are more varied and severe.

- Forfeiture of future benefits. A claimant who willfully and knowingly makes a false statement or misrepresentation or fails to disclose a material fact, with intent to defraud by obtaining any benefits for which the claimant was not eligible, is disqualified from receiving further unemployment benefits for a period up to the remainder of the claimant's benefit year.¹¹²
- Recovery of wrongful benefits. If a claimant who, through the nondisclosure or misrepresentation of a material fact, receives benefits for which the claimant was not eligible, the department is required to recover from the claimant the benefits that were wrongfully paid.¹¹³ The department may either deduct the amount to be recovered from future unemployment benefits to be paid to the claimant, or require the claimant to repay the amount to the department.¹¹⁴ This same remedy applies to unintentional violations.¹¹⁵ However, unlike unintentional violations, the department is given statutory authority to file a lien on the claimant's property in order to recover the amount owed due to an intentional violation.¹¹⁶ An intentional violation is also subject to a penalty equal to 15 percent of the wrongfully paid benefits.¹¹⁷
- Fraudulent practice. A claimant who knowingly makes a false statement or misrepresentation or fails to disclose a material fact is guilty of a fraudulent practice as defined in Iowa Code §§714.8-714.14.¹¹⁸ The penalties for a fraudulent practice increase with the amount of money involved.¹¹⁹ If the amount is \$200 or less, the penalty is a simple misdemeanor.¹²⁰ The penalties increase in increments, with the highest being a class "C" felony if the amount exceeds \$10,000.¹²¹
- Other violations—simple misdemeanor. Any other violation of the unemployment compensation law by a claimant for which no other penalty exists is a simple misdemeanor.¹²²

¹¹¹ Iowa Code §96.3(7)(a).

¹¹² Iowa Code §96.5(8).

¹¹³ Iowa Code §96.16(4).

¹¹⁴ Iowa Code §96.16(4).

¹¹⁵ Iowa Code §96.3(7)(a).

¹¹⁶ Iowa Code §96.16(4).

¹¹⁷ Iowa Code §96.16(4).

¹¹⁸ Iowa Code §96.16(1).

¹¹⁹ Iowa Code §§714.9-714.13.

¹²⁰ Iowa Code §714.13.

¹²¹ Iowa Code §§714.9-714.12.

¹²² Iowa Code §96.16(3).

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VI. Additional Benefits

Various programs exist under which a claimant can receive additional benefits beyond the typical 26 weeks of regular benefits. These programs include:

A. Regular Benefits for Plant Closing. For a claimant who becomes unemployed due to the claimant's employer going out of business at the location where the claimant was last employed, the maximum duration for regular benefits is increased from 26 to 39 weeks.¹²³

B. Emergency Unemployment Compensation. Emergency unemployment compensation (EUC) was established by federal law in 2008 to provide additional weeks of unemployment benefits for claimants who have exhausted their regular benefits.¹²⁴ This program has been extended several times, with varying amounts of additional weeks of benefits available depending on the level of unemployment in a particular state.¹²⁵

Although many of these benefits were not available in Iowa or have expired, a claimant who exhausts regular benefits can still qualify for an additional 14 weeks of benefits under EUC.¹²⁶ However, as of September 25, 2013, EUC is scheduled to end on January 1, 2014, and the additional benefits will no longer be paid as of that benefit week.¹²⁷

C. Extended Benefits. A claimant who has exhausted the claimant's regular benefits can qualify for an additional 13 weeks of benefits if the state of Iowa reaches a certain level of unemployment, which is called an "on" indicator.¹²⁸ The level of unemployment in Iowa is not high enough to trigger an "on" indicator, and thus extended benefits are not in effect, as of September 25, 2013.¹²⁹

D. Training Extension Benefits. A claimant can qualify for up to an additional 26 weeks of training extension benefits (TEB)¹³⁰ if the claimant was separated from a declining occupation or was laid off because of a permanent reduction in operations at the claimant's last place of employment,¹³¹ and is in training for a high-demand or high-technology occupation.¹³² The claimant must first have exhausted all regular and extended benefits in order to qualify for TEB.¹³³ TEB ends when the claimant completes the training.¹³⁴ A claimant in TEB is exempt from the work search and acceptance requirements applicable to regular benefits.¹³⁵

¹²³ Iowa Code §96.3(5)(a).

¹²⁴ Supplemental Appropriations Act of 2008, Pub. L. No. 110-252, Title IV.

¹²⁵ See <http://ows.doleta.gov/unemploy/pdf/euc08.pdf> for a concise summary of the history of this program prepared by the U.S. Department of Labor (last visited September 25, 2013).

¹²⁶ American Taxpayer Relief Act of 2012, Pub. L. No. 112-240, §501.

¹²⁷ *Id.*

¹²⁸ Iowa Code §96.29.

¹²⁹ Iowa Code §§96.19(21), 96.19(29), 96.19(30), 96.19(32).

¹³⁰ Iowa Code §96.3(5)(b)(3).

¹³¹ Iowa Code §96.3(5)(b)(1).

¹³² Iowa Code §96.3(5)(b)(5)(a).

¹³³ Iowa Code §96.3(5)(b)(5)(b).

¹³⁴ Iowa Code §96.3(5)(b)(5)(b).

¹³⁵ Iowa Code §96.3(5)(b)(4).



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E. Shared Work Unemployment Compensation Program. An employer may, instead of conducting layoffs, submit a plan to the department whereby the affected employees will instead work reduced hours and receive unemployment benefits for the reduced work time.¹³⁶ A claimant receiving benefits in this way is exempt from the work search and acceptance requirements.¹³⁷ An employer who provides a claimant with training that will substantively increase the claimant's workplace and employability skills will not be charged for benefits for this program.¹³⁸

F. Disaster Unemployment Assistance. This federal program allows the President of the United States to provide through agreement with individual states up to 26 weeks of unemployment benefits to persons unemployed due to major disasters.¹³⁹ These benefits are only available to claimants who otherwise would not qualify for unemployment benefits.¹⁴⁰

G. Trade Readjustment Allowances. This federal program provides benefits to unemployed workers whose jobs were affected by foreign imports and who have exhausted their unemployment benefits.¹⁴¹ The benefit amount is based upon the claimant's previous unemployment benefit amount.¹⁴²

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¹³⁶ Iowa Code §96.40.

¹³⁷ Iowa Code §96.40(6).

¹³⁸ Iowa Code §96.40(9)(b).

¹³⁹ 42 U.S.C. §5177, 20 C.F.R. §625, Iowa Admin. Code 871-24.47.

¹⁴⁰ 42 U.S.C. §5177.

¹⁴¹ 19 U.S.C. §2271-2401g, 20 C.F.R. §§617, 618.

¹⁴² 19 U.S.C. §2292.