



November 25, 2025

MEMO

To: Governor Kim Reynolds and Legislative Staff

Iowa Workforce Development is proposing a number of modifications to Iowa code in 2026 to provide more effective and more efficient administration of workforce programs. These proposed code changes can be grouped into three main categories:

1. Codifying a requirement for IWD to maintain the Reemployment Case Management program.

It's clear that, after nearly four years of operation, IWD's Reemployment Case Management program has been an overwhelming success in helping Iowans return to work quickly after a job loss. This success should be codified in Iowa law.

Since January 2022, when the state began providing individualized services to jobless Iowans starting from the week after they file for unemployment benefits, the average duration of an unemployment claim in Iowa has been reduced by more than three weeks. This decrease in duration of benefits has significantly reduced the amount of money drawn from the Unemployment Insurance Trust Fund each year. Additionally, it has led to Iowans finding new jobs faster, which has helped ensure Iowa's employers have the workforce they need. The reduction in withdrawal of funds from the UI trust fund was the basis for Governor Reynolds' recommended UI tax overhaul, which was passed by the legislature last year and reduced most employers' tax burden by 40 percent to 60 percent. The program also was recognized nationally and is a model for states to take similar steps. Weighed against the initial funding from the American Rescue Plan Act (ARPA), we estimate that the RCM program has generated an ROI of nearly \$100 for every \$1 that has been invested in it to date.

Given the value of this program, IWD believes that the Reemployment Case Management program should be a permanent part of IWD's role in serving Iowans. Codifying the program

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will ensure that future lowans continue to benefit from the procedural improvements made during the past four years. IWD's proposal would amend Iowa Code sections 84.5 and 96.4(3) to create a requirement for the program's existence and a requirement that unemployment benefits claimants participate in RCM as a condition of receiving benefits. More details would be spelled out as necessary in administrative rules.

Staffing and operational funding issues for the program will be dealt with as part of the appropriations process.

2. Transitioning Unemployment Insurance to a Paperless Process.

Last spring, Iowa Workforce Development achieved its long-sought goal of modernizing our state's unemployment insurance process. The project, which involved moving the unemployment benefits program from a 1970s mainframe to the lowaworks.gov website, has created new efficiencies. For the first time, Iowa has automated most of the processing steps involved with unemployment insurance taxes, claims for benefits, and appeals. It is time to update our statutory code to reflect those new efficiencies and transition to a paperless program. The proposed changes remove all requirements for conducting any business through the U.S. Postal Service.

IWD is proposing to rewrite portions of Iowa Code sections 96.6 and 96.7 to eliminate the language there that currently requires the agency to share information through paper documents and via the mail. Our proposed changes would revamp notification procedures to allow the posting of information to the unemployment insurance computer system instead of mailing paper notices. Instead of receiving notices in the mail, claimants and employers would be notified of decisions or administrative action via an email telling them that new information/documents have been posted to their portion of the unemployment insurance computer system. By eliminating the mail requirement, the process will run more quickly overall and will be less dependent on multiple state agencies taking specific steps to hand off information in sequence.

These changes would effectively mean that unemployment benefit claims will now be managed electronically. However, some exceptions to this process will remain, including IWD's continued use of certified mail to notify employers of unpaid unemployment insurance contributions and the potential for liens to be attached. Our proposed language also would allow the IWD Director (or his/her designee) to make exceptions in situations where the employer/claimant is unable (due to disability, lack of device for access, etc.) to interact with us electronically.

Overall, IWD estimates that the Unemployment Insurance Trust Fund will save roughly \$850,000 per year if the division is no longer required to generate and mail paper documents as a matter of course.

3. Eliminating the Summer Youth Internship program.

Iowa's Summer Youth Internship program was created in 2018 as part of the Future Ready Iowa Act. Since FY2019, the state has appropriated \$250,000 annually to support internships for young people who are deemed to be at risk of not graduating from high school, who are from low-income households, who are from communities underrepresented in the Iowa workforce, or who would otherwise face barriers to success in the labor market.

In FY2025, the state awarded \$254,000 to fund five internship programs that were expected to serve 112 people. Given a variety of other proposals to expand work-based learning opportunities in Iowa, IWD believes this population would be better served through different programs.

Respectfully,

Tim Goodwin
Chief Strategy Officer
515-271-9270
Tim.Goodwin@iwd.iowa.gov