2015-2016

Unemployment Insurance

Handbook for Employers

IOWA WorkForce Development

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Introduction

This handbook is designed to help employers meet their responsibilities and protect their rights as employers under the Iowa Employment Security Law. It also contains suggestions for Iowa employers that may save them money and make the administration of the law more effective. This handbook also explains the Iowa Unemployment Insurance (UI) Program and the taxing procedures for private sector employers, including contributory 501(c)(3) nonprofit organizations.

However, explanations of UI claims and benefit payment procedures may also apply to governmental entities and reimbursable nonprofit organizations.

This handbook does not contain legal advice; it is intended to be an introduction for Iowa employers to the general procedures under the Iowa UI Program. Readers should consult legal counsel for specific legal problems under the Iowa Employment Security Law.

Release of Information

Information obtained by the Iowa Workforce Development (IWD) Operations Division from any employing unit is strictly confidential and is not published or open for public inspection. Information in the possession of IWD that may affect a change in an employer's account is made available to the affected employer and the employer's designated legal representatives.

Confidentiality laws prevent IWD from discussing employer account specifics over the phone without verifying the caller's identity. Callers will need to be able to answer questions regarding detailed information contained within an employer's account before information is provided by the agency.

General questions about UI law requirements and general questions about how to fill out reports and forms can be answered by telephone.

Individual information collected from employers by the IWD Operations Division will be released to employers and employer's designated legal representatives upon request, and may also be provided to various federal and state agencies as required or permitted by federal and state law.

It should be noted that the case file and decision resulting from any appeal before the Department of Inspections and Appeals administrative law judge becomes public record.

Iowa's Unemployment Insurance Program at Work

The Iowa Employment Security Law, governing legislation for the state's UI program, benefits both the state and its citizens. It provides benefit payments to qualified individuals who are temporarily unemployed to help them meet expenses that cannot be delayed. Maintaining the purchasing power of jobless individuals also has a stabilizing influence on the state's economy.

The law restricts payment of UI benefits to only those who are unemployed or working reduced hours through no fault of their own. They must be able to work, available for work, and actively searching for work.

Employers do not make any deductions from the employee's paycheck to fund UI benefits. Benefits are paid from a fund exclusively supported by a payroll tax levied on Iowa employers. The tax varies for employers and is primarily dependent on two factors:

1. how the employer's experience compares to that of all other employers who are participating in the UI program
2. overall fiscal condition of the UI Trust Fund

The UI program operates statewide through a central Unemployment Insurance Service Center (UISC) and Iowa*WORKS* offices. Unemployed individuals may file UI claims and register for work at any of these centers. UI claims may be filed over the Internet at www.iowaworkforcedevelopment.gov.

As part of Iowa Workforce Development (IWD), the Operations Division administers the state and federal UI programs. The Operations Division is responsible for the maintenance of the UI Trust Fund which is a collection of state UI contributions from employers.

Iowa Workforce Development Resource Numbers	
General Information	515-281-5387
UI Tax Bureau Customer Service	888-848-7442
UI Tax Bureau Fax Number	515-242-6301
UI Benefits Bureau Customer Service	866-239-0843
UI Appeals Bureau Phone Number	515-281-3747
UI Appeals Bureau Fax Number	515-242-5144

Telephone numbers for your local Iowa*WORKS* office are available online at: https://www.iowaworkforcedevelopment.gov/iowaworks-centers

Download Unemployment Insurance Tax Forms from the IWD Website

1. Type www.iowaworkforcedevelopment.gov
2. Click the Forms & Publications link
3. Select Unemployment Insurance Documents
4. Forms can be viewed, printed, and mailed to the IWD address listed on form

Responsibility of Employing Units

What Is an Employing Unit?

Under the Iowa Employment Security Law, an employing unit is any individual (sole proprietor) or type of organization that currently has or previously had in its employ one or more individuals performing service within Iowa. An employing unit includes any partnership, association, trust, estate, joint stock company, insurance company or corporation (domestic or foreign), a receiver or trustee in bankruptcy, a trustee or successor thereof, a legal representative of a deceased person (executor-administrator), or a state or local government.

Status Information

Most employing units going into business for the first time in Iowa are required to register for a UI tax account with the IWD Operations Division by signing into www.MyIowaUI.org and completing the registration process, "Create Account".

The employing unit is requested to provide:

- legal business name
- trade name
- address
- type of business
- federal identification number
- wages paid
- products (manufactured or services traded)
- number of its employees

A determination is then made as to whether the employing unit is required to participate in the UI program.

Regardless of the number of individuals it employs, a new employing unit should register for an account when it first goes into business. The registration should be completed no later than the month after employees were first hired in Iowa so the employing unit can be advised of its status before interest and penalties accrue.

An employing unit acquiring the enterprise, business, or segregable part of the business of an employer (who is subject to payment of UI taxes) must notify the agency as soon as it acquires the business.

Out-of-state employing units should register for a UI tax account as soon as they have employment in Iowa.

Required Records

Every employer hiring individuals in Iowa must maintain accurate payroll records showing the following:

- number of persons employed
- names and Social Security Numbers of employees
- days and calendar weeks during which employees worked
- earnings for each period an employee was employed

Employers with more than one physical location must maintain these records by location. These records must be kept for five years after the calendar year in which the wages were paid.

While not all employing units are required to pay UI taxes, the IWD Operations Division may require them to file certain reports and to permit designated IWD auditors to review or copy any of their books and records.

Employers Covered Under the Law

Who Are Liable Employers?

A liable employer is an employing unit that is required to report wages and pay UI taxes to the IWD Operations Division. All such employers fall into at least one of the following classifications:

- number of employees or amount of wages
- successorship
- federal liability
- elective coverage

Information regarding these classifications has been provided in more detail below.

NUMBER OF EMPLOYEES OR AMOUNT OF WAGES

An employing unit becomes a liable employer retroactively to January 1 of any year in which it meets the following conditions:

- ONE OR MORE EMPLOYEES – an employing unit that has one or more employees performing covered services for any portion of a day in at least 20 different calendar weeks. The 20 calendar weeks in which workers are employed do not need to be consecutive and the same workers do not need to be employed in each such week. Employees in all establishments operated by the same employing unit must be included in the count. Part-time employees are counted the same as full-time employees.
- PAYROLL OF $1,500 – an employing unit that has a total payroll of $1,500 or more in any calendar quarter for covered services.
- AGRICULTURAL LABORERS – an employing unit that paid wages of $20,000 or more to agricultural laborers in any quarter of the current or previous calendar year is a liable employer. An employing unit is also a liable employer if it has employed 10 or more employees in some portion of a day in 20 separate weeks in the current calendar year or the preceding calendar year.
- DOMESTIC EMPLOYEES – an employing unit paying wages of $1,000 or more to domestic employees during any calendar quarter in the current calendar year or the preceding calendar year is a liable employer.
- NONPROFIT ORGANIZATIONS – religious, charitable, scientific, literary, educational, or organizations working for the prevention of cruelty to children or animals. They are liable employers if they have one or more employees performing covered services in some portion of a day in at least 20 different calendar weeks or have a total payroll of $1,500 or more in any calendar quarter for covered services. They may, however, elect to reimburse the Iowa UI Trust Fund for any UI benefits paid that are attributable to services in their employment, instead of paying a tax into the fund. Any of these organizations requesting consideration for reimbursable status must possess a 501(c)(3) Internal Revenue Service tax exempt letter. Refer to Section 96.7(8,10) of the Iowa Code for additional information regarding requests for reimbursable status.
- GOVERNMENTAL ENTITIES – cities, counties, school districts, townships, and community college districts. They are required to reimburse IWD for any UI benefits paid that are attributable to services in their employment. However, they may elect to pay contributions if the election is made within the time specified by law.

SUCCESSORSHIP

An employer becomes liable for unemployment contributions when they acquire all or part of another employer's business. Liability starts with the date of acquisition.

When an employer purchases another Iowa employer it is important to obtain information regarding the UI tax rate history. The prior employer's account experience or part of the account including tax rate, debt, and future UI benefit charges may be transferred to the acquiring

employer. An employer planning to sell or transfer all or part of the business is liable to the new employer for actual damages and attorney fees if the employer fails to disclose information to the purchasing employer about the UI benefits charged against the employer's account. IWD can only answer questions about the predecessor (seller) rate information if authorization from the seller has been granted. For questions regarding successorship situations please contact IWD UI Tax at (888) 848-7442, option three.

Upon any business acquisition, the new owner who wishes to retain employees of the former owner should make a formal and specific offer of work to each employee it wishes to retain. The offer should outline the duties, rate of pay, days of work, and shift for that employee. Refusals should be reported to the nearest Iowa*WORKS* office.

FEDERAL LIABILITY

Any employing unit that is liable for taxes under the Federal Unemployment Tax Act (FUTA) is also a liable employer under the Iowa law if it has one or more employees performing services in Iowa and such services are subject to the federal tax.

ELECTIVE COVERAGE

An employing unit that is not a liable employer may elect to become liable, thereby, covering its employees under the Iowa Employment Security Law so that they may receive UI benefits, if otherwise qualified and eligible. Employers liable through elective coverage become liable for taxes as of the effective date stated in the application. The election is for a minimum of two years.

If an employing unit wishes to elect coverage under the Iowa Employment Security Law, the necessary forms may be obtained upon request from IWD's Tax Bureau. Election for coverage under the law is subject to approval by IWD.

Excluded Services and Wages

Certain types of employees are not included when:

- making an employee count to establish whether an employer is liable for UI taxes
- determining the wages on which an employer is required to pay tax

The more commonly occurring exclusions are:

NOTE: The exclusions listed in family employment apply to an individually-owned business. They do not apply to a corporation. They can apply to a partnership—but only if an exempt family relationship exists between the employee and each of the partners.

If you have questions call (888) 848-7442 or email iwduitax@iwd.iowa.gov.

- Individual owner of a business (sole proprietor)
- Partners of a partnership
- Family employment
  - father or mother working for a son or daughter
  - husband or wife working for his or her spouse
  - children under 18 years of age employed by a father or mother
- Sick or disability pay are exempt if payments are made under an employer plan that applies to its employees generally or to a class of employees
- Services performed in the employ of a school, college, or university by a student who is enrolled and regularly attending classes, and/or services performed by the student's spouse hired under a program to provide financial assistance (the spouse is advised of the fact at the time of hire)
- Services performed by a student for an employer as a formal and accredited part of the curriculum of the school
- Services performed in the employ of a church, convention or association of churches, or organization which is operated, supervised, controlled, or principally supported by a church, convention or association of churches, which is operated primarily for religious purposes (example: the service of a janitor in a church is excluded, but the service of a janitor for a separately incorporated college which is not operated

primarily for religious purposes, although it may be church related, is covered employment)

- Services performed by ministers and by members of religious orders (in the exercise of their ministry) in performing the duties required by their orders

The following are examples of how the law affects a partnership with exempt family relationships:

- A father's employment and wages are exempt in a mother and daughter partnership because the father has an exempt family relationship to each partner (he is the spouse of the mother and the parent of the daughter)
- The employment and wages of a wife in a partnership consisting of the husband and the husband's brother are not excluded because the wife has an exempt family relationship to only the husband, not the brother-in-law
- Two sons, in partnership, can legally exclude the employment and wages of either or both of their parents (their parents, in partnership, however, could exclude their sons' employment and wages only if the sons were under age 18)

If an employer is in doubt about whether services and wages are excluded from UI coverage, the employer should present the facts in writing to IWD with a request for a ruling.

Employer Audits

The IWD Operations Division performs periodic audits of all employers subject to the Iowa Employment Security Law. These audits may result in refunds or additional taxes. Field representatives may also inspect non-covered employers to determine if they are subject to the law.

Misclassification of Iowa Workers

Misclassification of workers as "independent contractors" rather than "employees" is a growing problem in Iowa and across the nation. For the period January 1, 2013 through December 31, 2014, IWD found 114 employers who have misclassified 1700 workers. These employers failed to report over $19.7 million in wages and owe over $1.2 million in UI tax, penalty, and interest.

Iowa employers must report wages to the IWD Operations Division and pay unemployment tax on wages paid to workers. Iowa employers must generally withhold state and federal income taxes, as well as, withhold and pay Social Security and Medicare taxes.

When employers misclassify workers they:

- avoid paying these taxes
- might avoid workers compensation coverage
- might fail to follow wage, contractor registration, or other employment and labor laws
- underbid honest, law -abiding businesses that pay all taxes owed

Misclassification of workers threatens Iowa's economy, its businesses, and its most important resource - its residents.

Change of Address

To protect the employer's rights and to avoid any possible penalties and interest for late filing, the employer should notify the UI Services Division immediately of a change in address. Employers can update their address changes online at www.MyIowaUI.org.

Termination of Liability

An employer who sells, transfers, or discontinues business must file an Employer's Notice of Change (form 60-0111) at the time of sale, transfer, or discontinuance of business. This form may be downloaded from IWD's website by visiting, www.iowaworkforcedevelopment.gov.

Claimant Handbook

At the time unemployed individuals apply for UI benefits, they are given a Unemployment Insurance Benefits Handbook (form 70-6200) explaining their rights and responsibilities as claimants. Employers may obtain this guide for their own information from any Iowa*WORKS* office, or view and download it from IWD's website, www.iowaworkforcedevelopment.gov.

Required Posters to Display

Employers are required to display various employment posters in a place where all employees can see them. These posters inform employees of their potential right to benefits under the UI law and gives general instructions on how and where to apply for benefits. It also includes information about Equal Opportunity is the Law, Minimum Wage, etc. Posters are available to download and print at www.iowaworkforcedevelopment.gov.

The posters you are required to display include:

- Unemployment Insurance
- Summary of Work-Related Injuries and Illnesses
- Safety & Health Protection on the Job
- Your Rights Under Iowa's Minimum Wage
- Employee Polygraph Protection Act
- Family & Medical Leave Act
- Notice to Employees – Federal Minimum Wage
- Equal Employment Opportunity is the Law
- The Uniformed Services Employment and Reemployment Act (USERRA)
- Employee Rights Under the National Labor Relations Act

MyIowaUI - My Iowa Unemployment Insurance

IWD has an online tax system called MyIowaUI (MIUI). The system allows employers, accountants, and other third party filers to manage specific aspects of their UI tax accounts securely and conveniently online.

MIUI allows employers or third-party filers to:

- Submit quarterly reports electronically
- Register a new business electronically
- Automated calculations of taxable wages and contributions
- Schedule payments
- View historic account information
- View and update account information
- Receive and view electronic correspondence
- Ability for accountants and third party filers to access multiple UI accounts using one account ID and password

Access MIUI at www.MyIowaUI.org.

If you have questions or need help using MIUI, contact the UI Tax Bureau Customer Service at:

- Phone: (888) 848-7442 (option 3)
- Email: iwduitax@iwd.iowa.gov

Employers also have the option to file quarterly reports electronically by using Secure File Transfer. For information on how to set up a Secure File Transfer contact iwduitax@iwd.iowa.gov.

Employer's Contribution & Payroll Report

The Employer's Contribution & Payroll Report is among the most important UI data used by Iowa employers. Every employer liable under UI (even when there is no employment in a specific reporting quarter) is required by law to electronically submit their wage detail using www.MyIowaUI.org each calendar quarter.

The quarterly report has the following primary functions:

- It is a record of wages paid by each employer listed by individual worker (wages paid are essential to determining the individual employee's eligibility for UI and in calculating his/her UI weekly benefit amount)
- It indicates total wages and total taxable wages paid by the employer during the quarter
- Taxable wages paid are a prime factor in determining the employer's UI tax rate
- Electronically submits employers Multiple Worksite Report (MWR) data in lieu of form BLS 3020

Employer's Wage Adjustment Report

The Employer's Wage Adjustment Report (form 68-0061) is used to make corrections to previously submitted wages on the Employer's Contribution & Payroll Report. This form is used to adjust individual wage lines.

This form can be found at www.iowaworkforcedevelopment.gov or may be obtained by calling the UI Tax Bureau Customer Service at: (888) 848-7442 and choosing option three.

Unemployment Insurance Taxes

Employer's Account

An account for each employer covered by the law is maintained by the IWD Operations Division. Each employer's account is credited with tax contributions made by the employer. The account is charged for all regular UI benefits paid and for 50 percent of extended benefits (EB) paid to qualified separated employees. There are limited situations in which benefits are not charged to any specific employer's account but are deducted from the Iowa UI Trust Fund.

Each employer is assigned an employer account number at the time the employer's status is established. This number should appear on all correspondence and forms submitted by the employer to IWD.

Tax Rate Tables

The Iowa law stipulates that UI taxes may be collected from employers under eight different tax rate tables, each table having 21 ranks (or rate brackets). Rates vary from 0 to 9 percent on Table 1 and from 0 percent to 7 percent on Table 8. This means that Table 1 collects the most tax and Table 8 collects the least tax.

The tables were established to help maintain the solvency of the UI Trust Fund. As such, a formula in the law mandates movement to a table that collects more revenue when the balance in the UI fund is low and movement to a table collecting less revenue when the balance is high.

The rate table effective for any given year is applicable to all participating employers. The rate table in effect for all private employers for 2015 is Contribution Rate Table 7.

Benefit Ration Rank	Approximate Cumulative Taxable Payroll Limit	Contribution Rates Table							
		1	2	3	4	5	6	7	8
1	4.8%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	9.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	14.3%	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
4	19.0%	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1
5	23.8%	0.6	0.5	0.4	0.3	0.3	0.2	0.1.	0.1
6	28.6%	0.9	0.8	0.6	0.5	0.4	0.3	0.2	0.1
7	33.3%	1.2	1.0	0.8	0.6	0.5	0.4	0.3	0.2
8	38.1%	1.5	1.3	1.0	0.8	0.6	0.5	0.3	0.2
9	42.8%	1.9	1.5	1.2	0.9	0.7	0.6	0.4	0.3
10	47.6%	2.1	1.8	1.4	1.1	0.8	0.6	0.5	0.3
11	52.4%	2.5	2.0	1.6	1.3	1.0	0.7	0.5	0.3
12	57.1%	3.0	2.4	1.9	1.5	1.1	0.9	0.6	0.4
13	61.9%	3.6	2.9	2.4	1.8	1.4	1.1	0.8	0.5
14	66.6%	4.4	3.6	2.9	2.2	1.7	1.3	1.0	0.6
15	71.4%	5.3	4.3	3.5	2.7	2.0	1.6	1.1	0.7
16	76.2%	6.3	5.2	4.1	3.2	2.4	1.9	1.4	0.9
17	80.9%	7.0	6.4	5.2	4.0	3.0	2.3	1.7	1.1
18	85.7%	7.5	7.5	7.0	5.4	4.1	3.1	2.3	1.5
19	90.4%	8.0	8.0	8.0	7.3	5.6	4.2	3.1	2.0
20	95.2%	8.5	8.5	8.5	8.0	7.6	5.8	4.3	2.8
21	100.0%	9.0	9.0	9.0	9.0	8.5	8.0	7.5	7.0

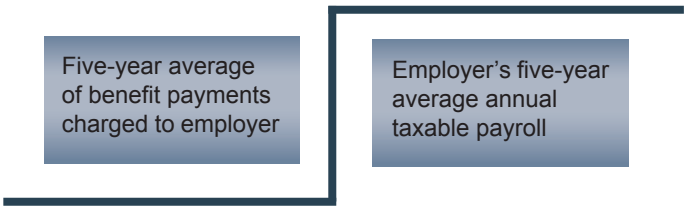
Determining Each Employer's Benefit Ratio

In addition to mandating the tax table in effect, the Iowa UI law provides a formula for determining the tax rates of individual employers.

While some employers seldom lay off employees, other employers periodically lay off large or small numbers of employees due to the nature of their work. The current formula results in a benefit ratio. This approach recognizes the above-mentioned difference and is designed to encourage private employers to create additional jobs and thereby expand their payrolls.

In the benefit ratio system two factors are calculated. An employer's five-year average annual benefit payment is divided by the employer's five-year average annual taxable payroll. The result is benefits expressed as a percent of taxable payroll, or a benefit ratio. Each employer's benefit ratio is then compared to every other employer's benefit ratio in a ranking or array system. Those with the lowest benefit ratio receive the lowest tax rates.

The benefit ratio system encourages employers to create additional jobs by the following method: If an employer's average annual taxable payroll expands and its benefit payments are constant, the benefit ratio tends to cause the rate to decline.



Ranking Employers by Benefit Ratio

Over 59,000 of the 75,000 employers who participate in Iowa's UI program are ranked. These are employers who have reported to IWD long enough to be qualified for a calculated experience rate. The other 16,000 employers are either newly covered employers, 501(c)(3) nonprofit reimbursable employers, or governmental employers.

An employer's rank is determined by how that employer's benefit ratio compares to the benefit ratios of other employers. This process is required by law.

Each employer's rank is calculated by listing their increasing benefit ratios from the lowest benefit ratio to the highest benefit ratio. Next, the list of over 59,000 employers is divided into 21 groups or ranks. Each of the 21 ranks contain approximately 4.76 percent (or 1/21) of the total taxable wages reported by the same employers for the four calendar quarters immediately preceding the rate computation date (July 1). Currently, approximately 44 percent of Iowa's ranked employers have a 0.00 percent rate.

Applying the Rate Table to the Rankings

- Employers whose benefit ratios place them in Rank 1 are assigned the corresponding Rank 1 rate from the rate table (see Contribution Rate Tables on page11), likewise, employers in Rank 2 are assigned the corresponding Rank 2 rate, etc. until all employers have been assigned rates
- The Reserve Fund was created in 2004 and is an integral part of the contribution rate (it is not a tax increase so it will not impact the overall contribution rate)
- The Reserve Fund will be used to pay unemployment benefits and interest used to support certain Iowa*WORKS* offices in place of the administrative surcharge previously assessed in the event of an emergency

Refer to the Notice of UI Contribution Rate (form 65-5306) or the quarterly tax report for a breakdown of the contribution rate for each individual account. This notice is sent in November of each year for the following tax year.

Employers who will be excluded from participation in the Reserve Fund include zero rated employers, new non-construction employers, governmental entities, and nonprofit organizations.

For Federal 940 Certification purposes, the State Experience Rate indicated on line 1 of the Notice of UI Contribution Rate is the State Experience Rate as defined on the federal form 940. For 2015, the Reserve Fund rate is 0.00 percent.

New Employers

With the exception of new construction employers, new employers are assigned the rate from Rank 12 of the table in effect (the rank is not to go below 1 percent). For 2015, the rate is 1.0 percent. New construction employers are assigned the rate from Rank 21 of the table in effect and for 2015 that rate is 7.5 percent.

North American Industry Classification System (NAICS)

NAICS groups establishments into sectors and industries based upon the activities in which they are primarily engaged. It is a comprehensive system covering the entire spectrum of economic activities, producing and non-producing. There are 20 sectors in NAICS and 1000 industries in the United States. NAICS uses a six digit numerical coding system to identify particular industries and their placement in the classification system compared to all other industries in North America. For State Unemployment Tax (SUTA) purposes, the primary effect of this classification process determines whether an employer is considered as being in a construction industry or a non-construction industry. This classification appears on each employer's Notice of UI Contribution Rate, mailed to employers in mid-November of each year. Complete NAICS information can be found at http://www.census.gov/eos/www/naics/.

Appeal and Judicial Review for Unemployment Contribution Rates

An employer may submit an appeal to IWD for the contribution rate assessed against the employer's account. The appeal must be in writing and submitted within 30 days from the date of the contribution rate notice. Appeals should be sent to:

IWD Tax Bureau
1000 East Grand Avenue
Des Moines IA, 50319

The letter of appeal must state it is an appeal and the grounds for appeal. Grounds for appeal include:

- Error in the computation of the rate
- Favorable UI claims decision issued since the rate computation date (July 1) which reversed benefits charged before the computation date
- Decision the employer expects to receive as the result of a pending appeal of a UI claim or chargeback

Grounds for appeal do not include fairness or financial hardship, as IWD has no authority to reduce rates that are calculated accurately and according to law.

A hearing is conducted on the appeal. Since IWD participates in these hearings, the Division of Administrative Hearings within the Department of Inspections and Appeals schedules the hearing, holds the hearing, and issues the decision. The employer may ask for a rehearing and/or appeal the decision to the District Court. An employer's request for a rehearing must be made within 20 days of the issue date of the Appeal Bureau's most recent decision. An appeal to the District Court must be filed within 30 days of the decision date. The appeal can be filed in the county in which the employer resides or has his or her principal place of business in Iowa.

It is important to note, records submitted as supporting documents for fact-finding decisions, are not always made part of the record if the decision is appealed. They are only made part of the record if either party requests the statements and/or documents in the appeal or in subsequent correspondence with the Appeal Bureau once the appeal has been filed.

Taxable Wage Base

The taxable wage base is the part of an employee's wage upon which the employer must pay UI taxes. The taxable wage base for 2015 is $27,300.00. The taxable wage base will be $28,300 for 2016.

Employer's pay UI tax on each employee's wages up to the taxable wage base. Once the employee's wages exceed the taxable wage base, the employer does not pay tax on the wages which exceed the taxable wage base.

By law, the taxable wage base is either two-thirds of the

statewide average weekly wage multiplied by 52 or it is the taxable wage base for the Federal Unemployment Tax Act (FUTA), whichever is greater.

Charging Employer Accounts for Benefits Paid

Benefits paid on an UI claim are generally charged to the accounts of the claimant's base-period employers in the inverse chronological order of employment. This means the most recent base-period employer is charged first with benefits paid until wage credits are exhausted. Once wage credits are exhausted from the most recent base-period employer charges go to the next most recent employer and so on.

Notification of Benefits Paid and Charged to Employer's Account

Within 40 days after the close of each calendar quarter, IWD is required to send each contributory employer a notice, Statement of Charges (form 65-5307) which is the benefits charged to the employer's account.

If the employer has not been notified of the UI claim(s) against the account, prior to receiving the Statement of Charges, the employer may appeal the eligibility of the claimant(s) for benefits. This appeal must be made in writing within 30 days of the date IWD mailed the Statement of Charges.

The employer may also protest if they feel the benefit charges are not valid or correct.

Federal Unemployment Tax Act

Most private employers covered by the Iowa UI Program are subject to the Federal Unemployment Tax Act (FUTA). Employers can receive a maximum credit equal to 5.4 percent against this tax if they are participating in a state UI program that meets federal requirements.

The FUTA tax for 2015 is scheduled to be 6.0 percent on the first $7,000 of wages paid to employees. Due to the ongoing solvency of the UI Trust Fund, the 5.4 percent credit is applied to all accounts, making the tax rate 0.6 percent on the first $7000 of wages paid to employees. The federal tax is allocated back to the states to pay costs for administering the law and provide funding for 50 percent of extended benefits (EB). If there are any funds remaining, they are put in a federal loan account to be made available to states on a loan basis in the event their state benefit funds become depleted.

For federal 940 Certification purposes, the State Experience Rate indicated on the Notice of UI Contribution Rate is the State Experience rate as defined on the federal form 940.

Reporting Multi-State Employees

Some employing units may have people on their payroll who work in Iowa and also in another state. An individual's entire service is considered Iowa employment when any of the following conditions exist:

- An individual's entire service is performed in Iowa
- An individual's service is performed both within Iowa and outside Iowa, but the service performed outside Iowa is temporary or transitory in nature and incidental to regular service within Iowa
- An individual's service is performed in more than one state, with some of the service performed in Iowa, and the individual's base of operations or place from which he or she is directed or controlled is located in Iowa
- The base of operations or place from which an individual's service is directed or controlled is not in any state in which some of the service is performed, but the individual's residence is in Iowa, therefore, some services are performed in Iowa
- If an individual has been permanently transferred to Iowa from another state, report the individual to the other state for wages paid before the transfer and report the individual to Iowa for wages paid after the transfer
- If the transfer occurs during the middle of the year, you may use the taxable wages reported to the other state before the transfer to determine the individual's Iowa taxable wages after the transfer (this can only be done if the other state allows employers transferring individuals from Iowa to that state to do the same)

Unemployment Insurance Benefits

Eligibility Requirements

To receive UI benefits, a claimant must:

- Be totally or partially unemployed
- Be physically able to work and available for work
- Actively seek work with employers, unless otherwise specified by IWD
- Register for work with an Iowa*WORKS* office
- Accept suitable work when it is offered

Work search may be waived if the claimant is temporarily unemployed and expects to be recalled by the employer in a reasonable period of time or the claimant is in school or a training program. The schooling or training program must be approved by IWD in advance for the work search to be waived.

Through participation in an approved training program, the claimant is demonstrating availability and active search for work since the training represents the most reasonable approach to reemployment. There are no charges to any contributing employer account for benefits paid to an individual while in an approved training program.

Suitable Work

The claimant is required to seek and accept suitable work. If the wage of a job offer is significantly below what the claimant's Average Weekly Wage (AWW), the job offer may be considered unsuitable.

The claimant's gross AWW is calculated by using the high quarter (HQ) of their base period wages and dividing by 13 (the number of weeks in a calendar quarter). A job offer is considered not suitable if the wages are below the following percentages of the claimant's AWW:

- 100 percent, if work is offered during first five weeks of unemployment
- 75 percent, if work is offered during the sixth to 12th week of unemployment
- 70 percent, if work is offered during the 13th to 18th week of unemployment
- 65 percent, if work is offered after the 18th week of unemployment (an individual is not required to accept employment below the federal or state minimum wage)

Benefits will be denied under these circumstances only if the claimant has refused a bona fide offer of a specific suitable job.

There are other factors used to determine the suitability of work. If a claimant turns down any job offer or referral, the individual is required to notify IWD when answering weekly certification questions.

Work is deemed not suitable and benefits are allowed when:

- The job offered is vacant due to strike, lockout, or other labor disputes
- Wages, hours, or other conditions of the available work are substantially less favorable to the individual than those prevailing for similar work in the locality
- As a condition of being employed, the individual would be required to join a company union or to resign or refrain from joining any bona fide labor organization

Wage Qualifications

In addition to meeting all the eligibility requirements of the law, a claimant must also meet certain wage qualifications before benefits can be paid. As a first test of eligibility, the individual must have worked for employers who paid UI taxes. The individual must have been paid a certain amount of wages as specified by law in two quarters of the base period.

In addition, all wages in the base period must equal or exceed one and one-fourth times the wages paid during the quarter of the employee's base period in which wages were the highest.

Weekly Benefit Amount

A claimant's weekly benefit amount is determined by the gross wages from all covered employers in the HQ of their base period and by the number of dependents claimed.

State law requires the IWD Operations Division to recalculate UI benefit levels in July of each year. The current benefit schedule is available from an Iowa*WORKS* office. Refer to Claimant Handbook, a Guide to UI Benefits provided on the web at www.iowaworkforcedevelopment.gov.

The law requires the IWD Operations Division to use a formula based on a percentage of the average statewide weekly wage when it recalculates UI benefit levels. Each year, IWD is also required to calculate the average statewide weekly wage paid to Iowa employees in insured work. The average statewide weekly wage for calendar year 2014 was $813.99.

The average statewide weekly wage is calculated by dividing the gross wages paid for insured work by all employers for each calendar year by a figure resulting from multiplying 52 times the average of mid-month employment reported by all employers over the same period. This average statewide weekly wage includes all gross wages as well as overtime, holiday, vacation pay, and shift premiums.

Partial Benefits

Iowa law provides for payment of UI benefits in certain cases of partial unemployment. An individual is considered partially unemployed and eligible for UI benefits if he or she:

- Works less than a regular full-time week while employed at his or her regular job and earns less than his or her weekly benefit amount plus $15.00
- Is separated from his or her regular job but maintains part-time employment and earns less than his or her weekly benefit amount plus $15.00

If an employer's regular weekly schedule of work is reduced to where the employee earns less than the weekly benefit amount plus $15.00, the employee may be eligible for partial benefits.

The partial benefit formula allows the claimant to earn 25 percent of the claimant's weekly benefit amount on the UI claim for benefits. The remaining balance of earnings for the week is then deducted from the weekly benefit.

Duration of Benefits

A separate account for each employee who earns wages in insured work is maintained by the IWD Operations Division. Wage credits are calculated by crediting each individual's account with one-third of their wages for insured work paid during his or her base period.

The maximum total amount of regular benefits payable to any claimant during a benefit year cannot exceed one-third of wages paid to the claimant during their base period or 26 times their weekly benefit amount, whichever is less.

However, if an individual is unemployed due to the employer going out of business permanently, IWD must credit the account with 50 percent of the wages paid during the individual's base period, and pay benefits to the claimant for up to 39 weeks if the claimant has sufficient wage credits.

Disqualifications

A claimant may be disqualified from receiving benefits for any of the following reasons:

- Refusal of suitable work or recall by a former employer (claimant will remain disqualified until he or she earns 10 times his or her weekly benefit amount)
- Discharge for misconduct in connection with the work (claimant will remain disqualified until he or she earns 10 times his or her weekly benefit amount)
- Discharge for gross misconduct (wage credits earned from all employers prior to the discharge are cancelled)
- Failure to adequately search for a job
- Unavailable for work
- Physically unable to work
- Involvement or participation in a labor dispute
- Quit without good cause attributable to the employer

Individuals may be ineligible for UI benefits if they have been:

- Setting unrealistic limitations on acceptable jobs such as excessive wages, only part-time work, unusual hours or only certain jobs

- Receiving benefits from another state's UI fund
- Receiving other compensation in excess of weekly benefit amount
- Failing to participate in reemployment services when selected
- Failing to return and offer services within three working days after completing an assignment if working for a temporary employment firm as a temporary employee with a written contract

Voluntary Quits

Individuals who voluntarily quit without cause attributable to their employer are disqualified for benefits until they have been reemployed and have earned at least 10 times their weekly benefit amount in insured work.

However, under certain conditions, an unemployed individual may not be disqualified for voluntarily quitting. For example, an individual is not disqualified for benefits if he or she:

- Quits due to accepting other employment
- Refuses to bump a fellow employee with less seniority
- Leaves work to take care of a member of the individual's immediate family who is injured or ill (claimant is ineligible to receive benefits during the period of absence from work and must offer to return to work but be refused work by the employer to be eligible for benefits)
- Leaves work due to illness or injury that arose during the course of employment.
- Leaves work on a licensed physician's advice for personal illness, injury, or pregnancy (claimant is ineligible to receive benefits during the period of absence from work and must offer to return to work but be refused work by the employer to be eligible for benefits)
- Leaves work on a licensed physician's advice to take a family member to a different climate for health reasons (claimant is ineligible to receive benefits during the period of absence from work and must offer to return to work but be refused work by the employer to be eligible for benefits)
- Leaves work for compelling personal reasons (for a period not to exceed 10 working days) after notice to the employer (claimant is ineligible to receive benefits during the period of absence from work and must offer to return to work but be refused work by the employer to be eligible for benefits)
- Leaves work due to a change of ownership that did not result in an offer of suitable work
- Substantial change in the contract of hire

Supplemental Unemployment Benefit Plans

Employees of companies or organizations with Supplemental Unemployment Benefit (SUB) plans are eligible for these SUB benefits in addition to their UI payments. In most instances, companies require the individual to produce his or her UI history as proof of eligibility for state UI benefits before paying SUB benefits.

All SUB plans must be approved in advance by the IWD Operations Division to determine if the plans meet certain criteria and are not classified as wages. If you are considering the installation of a SUB plan, a copy of the plan should be submitted to the IWD Operations Division as soon as possible so it can be acted upon before the effective date of the plan.

Extended Benefits

Extended benefits (EB) become effective in Iowa when the insured unemployment rate equals or exceeds an average of 5 percent for 13 consecutive weeks. Unemployed individuals who have exhausted all their regular UI benefits may be eligible to receive up to 13 weeks of additional payments through the EB program. In cases involving individuals of private contributory employers, EB is funded on a shared basis from the Iowa UI Trust Fund and from monies collected under the employer-financed FUTA. Governmental contributory employers are charged 100 percent of EB.

Voluntary Shared Work—Alternative to Layoffs

Shared work is a UI program that provides employers an alternative to layoffs. To participate in this program, an employer must reduce the normal weekly hours of work for an employee in the affected unit by at least 20 percent (but not more than 50 percent). If an employer elects to participate in a Voluntary Shared Work Plan and the plan is approved, affected employees are allowed to share the work available in lieu of some employees being laid off.

Employees who share the work under an approved Voluntary Shared Work Plan collect a percentage of regular UI benefits to compensate for reduced hours of work and wages. Benefits paid under this program are charged to the participating employer's UI account unless individuals are participating in a department approved training program.

Requests for additional VSW program information should be made to one of the following:

- Phone: (515) 242-5145
- Email: vswclaims@iwd.iowa.gov
- Mail: Voluntary Shared Work Coordinator
  Attn: Michelle Roovaart
  IWD Operations Division
  1000 East Grand Avenue
  Des Moines, IA 50319

Unemployment Insurance Claims Procedure

Filing an Unemployment Insurance Claim

An individual who has been separated from employment may file a UI claim for unemployment benefits going to the nearest Iowa*WORKS* office or via the internet at www.iowaworkforcedevelopment.gov. UI claims are effective the Sunday of the week in which the UI claim was filed, regardless of the day on which the individual was separated.

Filing a UI claim does not necessarily mean the employee will be paid benefits. To be eligible, the individual must meet all of the eligibility requirements of the law as mentioned previously under the section titled "Unemployment Insurance Benefits" on page 19.

The determination of an individual's eligibility for UI begins with the individual's initial UI claim for benefits. The individual is required to report recent work history, including the name and address of the most recent employer, the reason for being separated from work, as well as other information to help facilitate processing the UI claim for benefits. Upon receipt of the UI claim for benefits, an initial review is made by IWD as to whether the UI claim is valid.

Notice to Employers

If a UI claim is determined monetarily eligible, a Notice of Claim (NOC) (form 65-5317) is sent to the individual's most recent employer and to all employers in the individual's base period. Information regarding how to receive the NOC electronically through the State Information Data Exchange System (SIDES) is provided in the next section.

Upon receiving the NOC, if the employer believes the UI claim is not valid, the employer may protest payment of benefits by stating the reason on the notice and returning it to IWD. No reply is necessary if the employee was laid off for lack of work. However, if the individual received or will be receiving vacation, personal time off (PTO), severance, dismissal pay, separation allowance, wages in lieu of notice, or holiday pay the employer should report the type of payment, amount of payment, and the dates to which it is to be applied on the notice form. Any response to the NOC must be postmarked no later than 10 days from the date the notice was mailed.

On all contested issues IWD may arrange a fact-finding interview. The fact-finding interview will be conducted by telephone. A notice for the UI fact-finding interview is mailed to the employer and the claimant. The notice will include the scheduled date, time, and the telephone numbers the fact-finder will call for the interview. Complete instructions are provided on the

notice the individuals will receive.

Employers are encouraged to participate in the fact-finding interview and any subsequent hearings since the development of a factual record is important to winning cases when qualifications are in dispute.

State Information Data Exchange System

SIDES E-Response helps employers simplify and streamline responses to UI information requests by providing a secure, electronic, and nationally standardized format to better anticipate and supply the required data. This option is completely free of charge for employers.

SIDES E-RESPONSE

- A secure website through which employers may submit electronic responses to UI information requests
- For employers handling a small or medium volume of UI information requests
- Requires a working internet access

To become a SIDES E-Response participant, you may send an email to iwd-sidesinfo@iwd.iowa.gov. Please include your federal and state account numbers, and an email address of the individual who will respond to UI information requests. Once you become a SIDES participant, you will receive a Personal Identification Number (PIN) in the mail. This PIN is confidential information and you are responsible for keeping it secure. To learn more about SIDES, visit http://info.uisides.org.

Notice of Separation

Employers are urged to call (515) 281-3865 and electronically file a Notice of Separation (form 60-0154) whenever an individual leaves employment for any reason other than a lack of work. A script walks the employer through the needed information.

A paper copy of the Notice of Separation may be sent instead of calling. It must be postmarked or received by IWD within 10 calendar days from the date of separation. The employer should retain a copy of the report for their records.

By filing a Notice of Separation with IWD, the employer protects his or her interests. No charges can be made against the employer's account until any separation issues or allegations have been resolved.

Burden of Proof

The employer has the burden of proving an individual is not qualified for benefits regarding issues of discharges, job refusals, labor disputes, disqualifying income, and vacation pay. The claimant has the burden of proving eligibility for benefits regarding the following conditions: being able to work, being available for work, earnestly and actively seeking work, voluntary quit requalification, and second benefit year requalification.

The burden in voluntary quit issues also rests with the claimant to prove the quit was with good cause attributable to the employer. The claimant must be prepared to explain why he/she voluntarily left for benefits to be allowed.

Supplemental Employment

An individual who has lost his or her full-time employment may file a UI claim while remaining in supplemental employment. All employers, including supplemental employers, are notified of the filing of the UI claim so each employer has an opportunity to file a protest. The employer furnishing the supplemental employment may submit a protest on the basis the individual is still employed part-time, as originally hired, and request removal of any charges against the employer's account. Failure to protest at the time of the initial notice of the UI claim could result in the supplemental employer's account being charged for benefits at a later time.

Filing for Continued Unemployment Insurance Claims

The claimant must file each week by calling in via touch-tone telephone or by going on-line at https://uiclaims.iwd.iowa.gov/weeklyclaims. To receive benefit payments, each week the claimant must:

- Be unemployed or working reduced hours
- Be able and available for work

- Have not refused any job offers or referrals for a job
- Be actively looking for work (unless waived)
- Report any pay or private pension

For each week the claimant claims UI benefits, the following income must be reported:

- Wages, wages in lieu of notice, separation allowance, severance pay or dismissal pay
- Temporary benefit payments under workers' compensation
- Vacation pay or PTO received during the first week the individual claims UI benefits; and if the employer notifies IWD in a timely manner, all remaining vacation pay or PTO

The above listed payments are deductible from UI benefits on a weekly basis.

The following are deductible only if the employer was a base-period employer or can be charged for the individual's UI payments:

- Military Retirement - 100 percent deductible
- Any other similar periodic pension or retirement payment that is based on the previous work of the individual (the individual's weekly payment is reduced based on the percentage of the employer's contribution)
- Social Security should be reported but is not deducted from unemployment benefits.

The claimant must report they are able and available for offered work or if they refused any work. Also, they must report what efforts have been made to find work.

Fact-Finding Interviews

When an employer receives a notice a former employee has filed a UI claim, the employer may protest payment of benefits if the employer feels the individual is not qualified.

To protest the UI claim, the employer must state the reasons for protest on this same notice, sign the notice, and mail or fax it to IWD. The response must be postmarked or received within 10 days from the date it was mailed to the employer. The protest will be the basis for a fact-finding interview. The employer's signature must be on the protest or it will be rejected by IWD and returned to the employer.

When a protest is filed, a fact-finding interview may be scheduled. It will be conducted by telephone.

Employers are urged to participate in the fact-finding interview. If the employer is unable to participate at the time the interview is scheduled, the Operations Division of IWD should be notified immediately and arrangements made for furnishing the pertinent information. Failure to participate or provide all relevant information could result in the employer's account being charged in the event of an appeal. The IWD fact-finding telephone and fax number is listed on the notice of interview. Information regarding the fact-finding interview may be faxed to the UI office. It is important to include identifying information on all correspondence such as claimant name, social security number, and the day and time of the scheduled interview. If the employer cannot participate in the interview or provide an explanation of the issue, a decision must be made on the available facts. The employer's rights, in a fact-finding interview, are clearly stated on the fact-finding notice.

During the fact-finding interview, an IWD representative will ask the employer and claimant questions and allow both parties to explain his or her position on the issue. Both parties will be allowed to present witnesses and evidence during the interview.

A decision regarding the claimant's eligibility to receive unemployment benefits will be issued by IWD within a few days of the fact-finding interview. The decision will be mailed to both the employer and the claimant. If either party disagrees with the decision, he or she may file an appeal. Instructions for doing so are included on the reverse side of the decision. The appeal may be mailed or faxed to the Appeals Section of IWD. It must be postmarked or received within 10 calendar days of the mailing date of the initial decision.

Effective July 1, 2013, employers who fail to participate in a fact-finding unemployment interview that results in an overpayment of claimant benefits will remain responsible for the benefit charges. An overpayment results when the original fact-finding decision is appealed to an administrative law judge and is ultimately overturned in favor of the employer. Effective July 1, 2013 employers will no longer be relieved of the charges if the employer or a designated representative does not participate in the fact-finding hearing.

General questions about the fact-finding interview notice or about a former employee's potential eligibility to receive unemployment benefits may be directed to your local IowaWORKS office. Questions about the employer's account will be answered by contacting IWD's UI Tax Bureau Customer Service phone number at 888-848-7442.

Appeals

First-Level Appeal

ADMINISTRATIVE LAW JUDGE

If the claimant or employer disagrees with a fact-finding decision, either party has the right to appeal and present testimony and documents to an administrative law judge. The appeal must be postmarked or received within 10 calendar days after the mailing date shown on the fact-finding decision notice.

Mail the appeal to:
Iowa Workforce Development
Appeals Bureau
1000 East Grand Avenue
Des Moines IA 50309-0209
Or fax it to 515-478-3528

A Notice of Appeal form and answers to general questions may be found online at www.iowaworkforcedevelopment.gov. Contact the UISC at 866-239-0843, or the Appeals Bureau at 515-281-3747 or 800-532-1483 if additional information is needed.

If the decision is appealed, a formal hearing by telephone conference call with an administrative law judge is scheduled. Either party may request an in-person hearing, but that will likely delay the hearing and decision, resulting in a delay of benefits or a larger overpayment. The party requesting the in-person hearing must travel to the Iowa*WORKS* Center closest to the other party. If weekly claims are not filed during the appeal process, benefits will not be paid for those weeks regardless of the Appeal decision.

The telephone hearing notice requires the parties to immediately register their phone number online by going to http://ia.c2tinc.com/register or call the Appeals Bureau at the number listed on the hearing notice with a current phone number along with contact information for any witnesses. Warning: Failure to follow the hearing notice instructions and register online or call the Appeals Bureau prior to the scheduled hearing, will result in a participant to NOT be called to participate. A party's failure to participate may affect the outcome of the decision. If contact information changes, notify the Appeals Bureau immediately. Unlike the fact-finding interview, an appeal hearing is a formal process where all parties are sworn in and a digital audio recording of the hearing is made. The administrative law judge will take witness testimony concerning the issues on the hearing notice, even if a statement was already given at the fact-finding interview. Either party can submit additional evidence, such as documents, in advance of the hearing. Attorneys or representatives are not required for participation, but if a party chooses to hire an attorney or other representative it will be at their own expense.

READ THE IMPORTANT INFORMATION ON THE FRONT AND BACK OF THE HEARING NOTICE.

The administrative law judge will make an impartial decision based on the information presented at the

hearing. The administrative law judge's decision will usually be mailed within 10 to 14 days.

Second-Level Appeal

EMPLOYMENT APPEAL BOARD

If either party disagrees with the administrative law judge's decision, it may be appealed to the Employment Appeal Board. The appeal must be postmarked or faxed within 15 calendar days from the mailing date of the administrative law judge's decision. Members of the Appeal Board are appointed by the governor to equally represent (1) employees, (2) employers, and (3) the general public. The Appeal Board is in the Iowa Department of Inspections and Appeals, located in the Lucas State Office Building. All parties will receive a compact disc copy of the testimony recording from the administrative law judge's hearing and will be given an opportunity to submit a written summary of their side. The Appeal Board does not hold a new hearing or accept new evidence. The Appeal Board decides each case by reviewing all the evidence that was presented to the administrative law judge. The board may affirm or reverse the administrative law judge's decision, send the case back to the administrative law judge for further review or order a new hearing and decision if they feel the evidence in the administrative law judge's hearing is not sufficient or is incomplete. It usually takes 60 to 180 days from the date the appeal is filed to receive the Appeal Board decision. If either party disagrees with the Appeal Board's decision, a petition for judicial review may be filed with the Iowa District Court or request a rehearing before the Appeal Board. The procedure and appeal deadlines are written on the appeal board decision.

Unemployment Insurance Program Integrity

The UI Program Integrity Bureau is comprised of two operating units; Quality Control and Investigations and Recovery. Maintaining the integrity of the UI program is the fundamental purpose of this bureau.

Benefit Accuracy Measurement

Benefit Accuracy Measurement (BAM) is a program within UI Program Integrity Bureau, Quality Control. BAM is a diagnostic tool, assisting staff in identifying UI payment errors and their causes, and in correcting and tracking solutions to these problems.

Each week throughout the year, a sample of weeks of compensated unemployment is randomly selected for review. Each week selected is reviewed by a BAM auditor to determine if the claimant who received the payment during that week was truly eligible for the amount of benefits he/she received. The claimant whose weeks of compensated unemployment has been selected is interviewed, the UI claim records are reviewed, the claimant's attempts to find work are checked, the claimant's reasons for becoming unemployed are substantiated, and the claimant's wage records are verified with their employers. Based on the investigation, a determination is made as to whether the week of compensated unemployment was paid properly or improperly. BAM auditors also review situations where claimants have been denied benefits to ensure the denial was proper.

Fraud Investigation

The UI Trust Fund is supported through taxes paid by Iowa employers. Therefore, any UI benefits fraudulently claimed is money stolen directly from those employers.

Through its fraud detection program, IWD attempts to prevent and detect benefits either paid through error by IWD, through willful misrepresentation, or error by the claimant and others. The program also focuses on the recovery of benefit overpayments.

IWD is currently utilizing a fraud detection tool called Pondera. This tool utilizes public record data bases as well as IWD UI claims information to detect where potential fraud may be occurring within our system. Potential fraudulent activity can be detected much earlier in the claim cycle utilizing this new technology, greatly reducing

the amounts of benefits improperly paid. Pondera plays an important part in the early detection of fictitious employer schemes. Increasing system integrity and reducing the size of improperly paid benefits is the primary goal of the Investigations and Recovery Unit.

Recovery of Benefit Overpayments

If a claimant receives UI benefits for which they are later determined to be ineligible, even though they acted in good faith and is not otherwise at fault, the benefits shall be recovered. IWD has discretion to recover the overpayment by having a sum equal to the overpayment deducted from any future benefits payable to the claimant or by having the claimant pay IWD a sum equal to the overpayment. The charge for the overpayment against the employer's account will be removed and the account credited with an amount equal to the overpayment from the UI trust fund. This includes both contributory and reimbursable employers.

During the 2013 Session, the Iowa Legislature passed federal conformity requirements to Unemployment Insurance. Effective July 1, 2013, employers who fail to participate in a fact-finding unemployment interview that results in an overpayment of claimant benefits will remain responsible for the benefit charges.

In the above mentioned situation, an overpayment results when the original fact-finding decision is appealed to an administrative law judge and is ultimately overturned in favor of the employer. Because benefits were awarded to the claimant in the initial fact-finding stage, the claimant has now received benefits for which he/she was not entitled. Effective July 1, 2013 employers will no longer be relieved of the charges if the employer or a designated representative does not participate in the fact-finding hearing. Participation in the fact-finding process is crucial to the proper rendering of a decision. The employer is ultimately responsible for ensuring adequate participation by agents of the employer which can include accounting firms and other representatives.

Employers participate by submitting detailed factual information. The most effective means to participate is to provide live testimony at the interview from a witness with firsthand knowledge of the events leading to the separation. If no live testimony is provided, the employer must provide the name and telephone number of an employee with firsthand information who may be contacted, if necessary, for rebuttal. Written or oral statements or general conclusions without supporting detailed factual information and information submitted after the fact-finding decision has been issued are not considered participation.

Identity Theft Protection

IWD has partnered with the Social Security Administration (SSA) in a program that verifies the identity of an individual who has applied for UI benefits. The claimant's full legal name, Social Security Number, date of birth, and gender are cross-matched against the records of the SSA prior to any benefits being paid.

HOW IS UNEMPLOYMENT INSURANCE FRAUD DETECTED?

Possible or potential UI fraud is detected through various methods such as:

- Regular computer cross-match of employer wage records and new hire database with weekly benefits paid in UI
- Wage cross-match audits are mailed to employers when a potential conflict of unreported earnings while drawing UI is detected. Employers are strongly encouraged to provide the calendar week breakdown of earnings and return the form to IWD as soon as possible.
- Utilizing the cross-match system in a cooperative effort with other states to detect illegal payments to individuals who claim UI benefits in one state while working in another
- Verify validity with employers listed on a claimant's report of job search contacts
- Receive and follow anonymous tips and reports from relatives of claimants, employers, fellow employees, and other members of the public. Suspected

employee fraud can be reported using our on-line system at www.iowaworkforcedevelopment.gov.

- Non-citizens who file for UI have their work authorization status verified through the Department of Homeland Security

DOES THE FRAUD DETECTION PROGRAM BENEFIT EMPLOYERS?

Yes, better detection and prevention of improper UI benefit payments results in a decrease in benefit payouts which in turn decreases employer taxes. If an overpayment of benefits is determined the employer account(s) that were charged for those benefits are immediately credited.

WHO INVESTIGATES POSSIBLE UNEMPLOYMENT INSURANCE FRAUD?

In addition to detecting and recovering UI overpayments, the Investigation and Recovery Unit investigates overpayments to determine if they resulted from misrepresentation. The unit prosecutes those cases where deliberate fraud is clearly indicated and where evidence can be presented to substantiate the charge. An overpayment that is determined to be deliberate misrepresentation by the claimant now carries an additional monetary penalty of 15 percent of the overpaid amount.

The Investigation and Recovery Unit is a liaison with other state, federal, and local law enforcement agencies and has ten fraud investigators assigned at strategic points throughout Iowa. The unit's fraud investigators are available to speak about fraud prevention and detection to interested groups upon request.

HOW CAN EMPLOYERS HELP?

To assist the Investigation and Recovery Unit in investigating potential UI fraud, employers should:

- Comply with the investigator's request for information
- Provide information promptly including completion of wage cross-match forms in the calendar week format requested
- To save time and costs involved in completion of wage cross-match forms, employers are encouraged to submit electronic wage files by calendar week for all employees via a secure and encrypted file exchange (you may receive further information on this topic by submitting a request to IWDCrossmatchmail@iwd.iowa.gov).
- Make certain the information given is as accurate and complete as possible
- Contribute any other information that can help the unit in its investigation to determine if UI benefits have been fraudulently claimed
- Report all new hires to the National Directory of New Hires

HELPFUL SUGGESTIONS

Key Points for Employers

The following suggestions may save Iowa employers money and can make the administration of the law more effective.

- Stabilize employment whenever feasible (avoid layoffs)
- List job opportunities with Iowa*WORKS* for posting on the Internet on the state's largest job bank, www.iowajobs.org.
- When an individual is separated from your employment promptly call the IWD Operations Division at 515-281-3865 to file a Notice of Separation (form 60-0154 is available for employers to fill out at all Iowa*WORKS* office or may be printed from the website www.iowaworkforce.org/ui/stawrs/60-0154.pdf)
- If you receive a Notice of Claim (form 65-5317) and a reason for disqualification exists, complete the protest section and file it with the IWD Operations Division within 10 days from the date of mailing as indicated on the form
- Make timely appeals
- Be sure people with first-hand knowledge of the facts participate in the hearings
- Cooperate in UI fraud investigations conducted by the IWD Operations Division

- Cooperate with IWD in the verification of work search efforts of claimants
- Verify all charges to your account made on the, Quarterly Statement of Charges Made to Employer's Account (form 65-5307), and the Notice of UI Contribution Rate (form 65-5306), (if any discrepancies are found on these forms, they should be reported to the UI Tax Bureau Customer Service phone number at 888-848-7442 within 30 days from the date of such notices)
- Avoid penalties by filing tax reports on time

EFFECTIVE PARTICIPATION IN FACT-FINDING INTERVIEWS AND HEARINGS

- Be prepared and familiarize yourself with the facts of the case by making an outline of the case for your personal reference and know the location of the material in your file so you can avoid searching for documents
- Stick to the pertinent facts, avoid irrelevant information
- Do not interrupt the person testifying. If statements are incorrect, make a note of them because you will have your chance to correct them later
- Ask questions of the other party and witnesses that will establish your case (if stories change, pursue them with more questions, not arguments or conclusions)
- If you want the exhibits and summary statements from the fact-finding interview included in the record of an appeal hearing, make the request early enough to allow the Appeals Section to mail copies to both parties.
- If you do not understand the questions, acronyms or legal jargon when questioned by the IWD representative or the administrative law judge, immediately request clarification
- If you want to present new exhibits, be sure to have additional copies so the information is available to the opposing party (in the case of telephone interviews and hearings, send copies well in advance)
- Do not totally depend on affidavits because they can be challenged; the person who signed the affidavit cannot be questioned or challenged
- Present first-hand information for evidence, not hearsay (hearsay may be admitted but its reliability can readily be challenged)
- Your last chance to get evidence into the record is at the administrative law judge level; second level
- Do not withhold some evidence to use later because new evidence cannot be admitted after the appeal hearing unless you can convince the Employment Appeal Board or Iowa District Court you need a remand for more evidence (you must have a good reason for not presenting your evidence earlier)
- If you do not know something, simply say so (grasping for answers could affect your credibility)
- When asked if there are any further comments before the record is closed make a closing statement of the facts and, if you know the pertinent law section or rule, quote it
- Do not fraternize or visit with the IWD representative or the administrative law judge before, during, or after the interview or the hearing (the decision maker must not only be fair, but must also have every appearance of fairness)
- The IWD representative and the administrative law judge have the role of judge, not investigator; all participants must come forward with the facts so the decision can be made on all the facts available.
- Remember to call the Appeals Section to leave the names and phone numbers of your witnesses for telephone appeal hearings (the administrative law judge will not call them if you have not provided this information by phone)

CARRYING BURDEN OF PROOF

To avoid the possibility of a charge against your account for a UI claim which you as an employer feel is invalid, it is important you make every effort to establish proof the specific claimant involved should be disqualified from receiving UI benefits. In an effort to establish proof a specific claimant is not qualified to receive UI benefits, an employer should:

- Present all the facts about the case
- Participate in all hearings, if possible
- Be sure anyone who was directly involved or who witnessed a specific incident or incidents leading to the claimant's separation participates in any hearings to give testimony (hearsay testimony can be accepted as evidence, but the testimony of an eyewitness is more effective)
- Present any documents pertinent to the issue of the claimant's separation, such as time cards, payroll records, personnel records, etc.
- Make certain all information you submit in support of your case is accurate

To create a reasonable work environment and an environment in which serious violations of work rules can be substantiated, it is advisable for an employer to:

- Establish a list of reasonable company rules and ask all employees to read and sign it
- Enforce rules uniformly
- In cases of discharge for misconduct, make certain the discharge is for a current act (a list of violations that occurred in the past is, in itself, not sufficient)
- Make warnings about misconduct to an employee clear and to the point; give the employee an opportunity to improve
- Document all conversations with employees where work rules and performance are discussed

Other helpful tips may be found at www.iowaworkforcedevelopment.gov.

Services for Employers

IWD offers the following full range of services designed to help employers recruit, train, and develop an individual.

Employer Resources

IWD provides consulting services about the laws governing employment and the workforce. Employers may obtain consultation on Iowa OSHA, tax information, workers' compensation, UI, and hiring practices. We provide seminars to help on employment and management issues.

IWD will provide appointment and interviews on demand. We will do the preliminary legwork which will help reduce your costs. We can also provide employers with extra office space to conduct initial interviews and screening.

RECRUITMENT

Once employers identify the skills and requirements of the jobs they want to fill, IWD starts looking for the best-qualified applicants. IWD assists employers with handling the details of the options listed below so employers are able to reach a larger number of potential job applicants via the Internet at www.iowaworks.org.

Employers can list their jobs on the IWD website in several different ways and at no cost. A job order can be placed at any local Iowa*WORKS* office across the state or the employer can register and post job orders directly on the website.

Another option available to employers is to use indexing. IWD is the nation's largest user of this technology, which automatically imports job orders from an employer's website onto our job bank, www.iowajobs.org. Jobs are then uploaded daily to US.jobs and numerous other web-based job listings. Indexing provides daily updates, eliminates delays and costs related to programming time, and ensures the most recent information is available. Employers do not have to use valuable staff-hours entering the jobs, notifying IWD of openings, and notifying IWD when jobs are filled. IWD will continue to process the job orders to make skill matches and refer qualified candidates. This is a service provided to all employers at no cost.

To find out if your jobs can be indexed – freeing up your staff's time to do other things – contact your local Iowa*WORKS* office, or email employmentregistrationhelp@iwd.iowa.gov.

IWD can link employers through the website with Iowa's largest job bank, www.iowajobs.org, US.jobs (a nationwide job bank), as well as 10 .jobs microsites:

- www.workiniowa.jobs
- www.workiniowa-veterans.jobs
- http://workiniowa-healthcare.jobs
- http://workiniowa-manufacturing.jobs
- www.workiniowa-disability.jobs
- www.workiniowa-stem.jobs
- www.workiniowa-green.jobs
- www.workiniowa-youth.jobs
- www.workiniowa-seasonal.jobs
- www.workiniowa-construction.jobs

SCREENING AND ASSESSMENT TOOLS

Our centers offer proficiency testing in typing, 10-key, and data entry to help identify applicants' skills. This is one way we can help provide a good match between employers' job requirements and available applicants. Not only does this reduce turnover costs, it also helps employers identify training and development opportunities.

The National Career Readiness Certificate (NCRC) measures a job seeker's proficiency in reading for information, locating information, and basic mathematics. Job seekers can attain either a bronze, silver, gold or platinum credential based on their test scores. For more information about how to use the NCRC in your workplace, contact your local Iowa*WORKS* office.

Office Proficiency and Assessment Certification (OPAC) is available in our centers. Employers can have IWD personnel test applicants on their skills and abilities in all of the MS Office word processing, spreadsheet, and database applications, including Microsoft Word, Excel, PowerPoint and Access. For more information about the various OPAC assessments, go to http://opac.com/docs/opac_test_descriptions.pdf.

HOME BASE IOWA

Home Base Iowa is a non-profit, private-public partnership to recruit veterans and transitioning service members for private-sector careers in Iowa. Iowa Governor Terry Branstad and General Timothy Orr, the adjutant general of the Iowa National Guard recognized an opportunity to honor veterans and to bridge Iowa's skills gap. The Governor's initiative helps veterans and transitioning service members find opportunities at Iowa companies, pursue education, and continue service through the Guard or Reserves. The program provides Iowa employers with qualified workers with highly desirable skills – leadership, critical thinking, problem solving and time management. To become a Home Base Iowa employer, the employer must first be a Skilled Iowa employer and pledge to hire veterans for a certain percentage of their workforce needs.

Many communities all over Iowa are signing up to be Home Base Iowa communities. To be a Home Base Iowa community, ten percent of area businesses commit to hire veterans, offering incentives above and beyond those in Home Base Iowa Act. They have signage in their community to promote Home Base Iowa and they have government-level support with key stakeholder involvement: local veteran organizations, businesses, economic development organizations and schools.

For additional information regarding Home Base Iowa, please visit our site at https://homebaseiowa.gov/.

SKILLED IOWA

Skilled Iowa is a public-private initiative designed to address the middle-skills gap in Iowa. Recent statistics show that 56 percent of Iowa's current job openings fall within the middle skill range, but only 33 percent of the workforce is actually qualified for these openings. Another 12 percent of Iowa's job opportunities are considered low-skilled, yet 38 percent of the current workforce has only the skills to fill these openings.

The initiative has several key parts:

- Use of the National Career Readiness Certificate (NCRC) which measures a person's skills in reading for information, locating information, and applied mathematics. There is no cost to the employer or job seeker to use the NCRC

- Support from Iowa businesses who have signed on member businesses, indicating their preference for job seekers who have attained an NCRC
- Skilled Iowa internships, which are unpaid training opportunities designed to give Veterans, PROMISE JOBS recipients, UI claimants, and others the chance to learn more about Iowa employers, and for those employers to learn more about them
- And, the opportunity for an area to be designated a "Skilled Iowa Community," meaning the residents and employers have met certain metrics that demonstrate a commitment to economic development and job growth

For more information about Skilled Iowa, including how to become a member business, visit www.skillediowa.org.

ASSISTANCE WITH PLANT CLOSINGS AND LAYOFFS

We assist communities, employers, and employees involved in workforce adjustments with a rapid response team for mass layoffs or plant closings. Job search workshops, identifying new training opportunities, skills and interest assessments, and registration for UI are some of the services we offer impacted workers.

For more information about employer requirements for both the Federal Worker Adjustment and Retraining Notification (WARN) Act, and the Iowa Layoff Notification Law, go to www.iowaworkforcedevelopment.gov/iowaworks-centers.

LABOR MARKET INFORMATION

Employers can use our data when they are thinking of expanding their business or want to find available labor. We have information on prevailing wage and benefit packages and the availability of individuals.

FINANCIAL INCENTIVES

The Work Opportunity Tax Credit (WOTC) program is a Federal tax credit available to employers who hire individuals from eligible target groups with significant barrier to employment. WOTC reduces an employer's cost of doing business, requires minimal paperwork, and is easy to apply for. This tax credit can reduce your business' federal income tax liability by as much as $9,600 per employee hired depending on the target group. There is no limit on the number of individuals an employer can hire to qualify for the credit. The target groups include: Veterans, TANF (Welfare) recipients, SNAP (Food Stamp) recipients, designated Rural Renewal Counties, Vocational Rehab referrals, ex-felons, and SSI recipients. The tax credits range from $1,200 - $9,600 per employee depending on the target group and number of hours worked in the first year. Employees must work at least 120 hours in the first year of employment in order for the business to receive the tax credit.

For additional information on how to take advantage of this business tax credit, contact wotc.coordinator@iwd.iowa.gov.

EMPLOYERS' COUNCIL OF IOWA

These advisory groups, located in each IWD region, offer no-cost membership and is open to all businesses in the community. Its purpose is to guide IWD's business focus, address topics of concern to employers, sponsor training initiatives, and assist IWD in meeting critical human resource needs.

FEDERAL BONDING

IWD administers the Federal Bonding Program, sponsored by the US Department of Labor. The program's fidelity bonds benefits the employer by offering bond coverage provided at no cost. The bond coverage is in effect the day the new employee begins working and lasts for six months. The employer profits from the worker's skills and abilities without taking the risk of potential theft or dishonesty. There are no documents to sign or paperwork to complete. The bond has no deductible and reimburses the employer for any loss due to employee theft within the specified six-month period.

APPRENTICESHIP

IWD partners with the US Department of Labor to promote Apprenticeship opportunities to Iowa employers and workers. For more information about Apprenticeship, and how to set up a Registered Apprenticeship program at your business, visit our website at www.iowaworkforcedevelopment.gov.

IWD Field Auditors

IWD field auditors assist area employers in all matters relating to the Iowa UI laws and rules. Field Auditors are located at IWD in Des Moines, IA and Iowa*WORKS* offices around the state. Employers have access to many valuable services at no cost through these centers.

Field Auditors establish whether businesses are required, under Iowa law, to pay UI taxes on their employees' wages. They also audit business accounting records to determine whether wage reporting and tax payments are accurate. Although audits sometime uncover additional tax liability, they frequently bring to light overpayments made by employers resulting in UI tax refunds. Auditors can also provide assistance for proposed changes in business ownerships and mergers. IWD field auditors are located at:

City	Telephone		Address		Zip
Atlantic	712-243-5793		5 W. 7th Street		50022
Burlington	319-753-1671	Ext. 31409	1000 N Roosevelt Ave		52601
Cedar Rapids	319-365-9474	Ext. 31108	4444 1st Avenue NE	Suite 436	52402
Davenport	563-445-3250		902 W. Kimberly Road	Suite 51	52806
	563-445-3252		902 W. Kimberly Road	Suite 51	52806
Des Moines	515-242-5866		1000 E. Grand Avenue		50319
	515-242-6366		1000 E. Grand Avenue		50319
	515-242-6368		1000 E. Grand Avenue		50319
	515-281-3220		1000 E. Grand Avenue		50319
	515-281-4069		1000 E. Grand Avenue		50319
	515-281-4272		1000 E. Grand Avenue		50319
	515-281-8602		1000 E. Grand Avenue		50319
	515-281-8107		1000 E. Grand Avenue		50319
	515-281-8126		1000 E. Grand Avenue		50319
Dubuque	563-556-5800	Ext. 125	680 Main Street	2nd Floor	52001
	563-556-5800	Ext. 126	680 Main Street	2nd Floor	52001
Fort Dodge	515-576-0741	Ext. 4	3 Triton Circle		50501
	515-576-0741	Ext. 5	3 Triton Circle		50501
Iowa City	319-351-4268	Ext. 116	1700 S. 1st Avenue	Suite 11B	52240
Marshalltown	641-844-6993		3405 S. Center Street		50158
Ottumwa	641-684-6213		15260 Truman Street		52501
Sioux City	712-233-9032		2508 4th Street		51101
	712-233-9046		2508 4th Street		51101
Spencer	712-262-1971	Ext. 129	217 W. 5th Street	P.O. Box 1087	51301
Waterloo	319-235-2123	Ext. 320	3420 University Avenue	Suite G	50701
	319-235-2123	Ext. 321	3420 University Avenue	Suite G	50701

Other Resources

Other State of Iowa agencies have valuable resources available for employers.

Secretary of State

Corporations and Limited Liability Companies (LLC) are common business entities that must be registered with the Iowa Secretary of State (SOS) in order to conduct business within the state. Out of state businesses also have registration requirements in Iowa. Visit www.sos.iowa.gov for detailed requirements. The legal business name registered with IWD must exactly match SOS records.

Department of Revenue and Finance

Employers are responsible for paying other Iowa taxes such as income, sales and use, and withholding to Iowa Department of Revenue. Information and electronic filing instructions for these taxes is available at www.iowa.gov/tax/.

Wage and Hour Division, U.S. Department of Labor

The Wage and Hour Division (WHD) enforces many important programs for employers including but not limited to Federal minimum wage, overtime pay, child labor requirements, misclassification of workers, Fair Labor Standards Act (FSLA) and Family Medical Leave Act (FMLA). The WHD website http://www.dol.gov/whd/foremployers.htm provides an abundance of information for workers, employers, and state and local governments.

Wage and Hour Division, Iowa

State law requires the payment of wages and benefits under company policy or contract. The Wage and Hour Division within the Iowa Department of Labor processes claims relating to unpaid wages, vacation, minimum wage, unauthorized deductions, etc. Electronic forms for claims are available at www.iowaworkforcedevelopment.gov. Links to administrative rules relating to wages are also available on the website.

Economic Development Authority (IDEA)

In Iowa, small businesses represent 97.2 percent of employers. IDEA has resources available to start a new business or expanding business operations in Iowa online at http://www.iowaeconomicdevelopment.com/default.aspx. Iowa has a business climate consistently ranked among the best in the nation making Iowa a very desirable place to conduct business. Did you know that Iowa consistently ranks second among the nation's lowest cost of doing business?

IDEA also offers services to help you develop a workforce and offers various employee training programs are available. Interested employers can contact their local community college or email workforce@iowa.gov for program requirements.

Questions and Answers

The following questions are most commonly asked about Iowa UI taxes. More detailed information can be found in Chapter 96 of the Code of Iowa and Chapter 871 of the Iowa Administrative Code.

QUESTION

Define "wages" for Iowa UI purposes?

ANSWER

Total wages for Iowa UI purposes: All compensation paid to an employee by the employer, including the cash value of fringe benefits but not including those payments specifically exempted in section 96.19(41) of the Code of Iowa. Taxable wages for Iowa UI purposes: Essentially means the same as total wages until the taxable wage limit is reached on each employee. The limit changes every year and the limit for 2015 is $27,300.00 and $28,300 for 2016.

QUESTION

Is "total wages" for Iowa UI purposes the same as wages subject to income tax withholding"?

ANSWER

No, there are several differences. Some payments specifically exempted for Iowa UI purposes are subject to income tax withholding and some payments included for Iowa UI purposes are exempted from income withholding. A couple examples include sick pay under a plan which is subject to income tax withholding but not to Iowa UI tax and deferred compensation where an employee's contribution generally is not subject to income tax withholding but is subject to Iowa UI tax.

QUESTION

Are benefits in a "cafeteria plan" considered wages for Iowa UI purposes?

ANSWER

If the cost of the benefit is deducted from the employee's pay, it is considered wages (total and taxable) for Iowa UI purposes. In other words, you must report the employee's pay before the deduction as both total and taxable wages. If the employee can choose cash instead of the benefit, the cost of the benefit is considered to be deducted from the employee's pay. If the cost of a benefit is not deducted from the employee's pay (i.e. the cost is being paid by the employer), it is still wages (total and taxable) unless the benefit is specifically exempted from the definition of wages in section 96.19(41) of the Code of Iowa.

QUESTION

Are payments into a retirement plan (i.e. 401K plans, deferred compensation, etc.) considered wages for Iowa UI purposes?

ANSWER

If the payment into the retirement plan is deducted from the employee's pay, it is considered wages (total and taxable) for Iowa UI purposes. In other words, you must report the employee's pay before the deduction as both total and taxable wages. If the employee can choose cash instead of the employer's contribution, the cost of the payment is considered to be deducted from the employee's pay. If the payment into the retirement plan is not deducted from the employee's pay, it would not be wages, because payments for retirement made by the employer are specifically exempted in section 96.19(41) of the Code of Iowa.

QUESTION

Is the private use of a company car considered wages for Iowa UI purposes?

ANSWER

Yes, it is considered wages (total and taxable), because it is a fringe benefit that is not specifically exempted in section 96.19(41) of the Code of Iowa. The cash value of the private use of a company car must be reported to IWD in the quarter in which the use actually occurred.

QUESTION

Why must I report the value of the private use of a company car quarterly to IWD instead of once a year in the fourth quarter?

ANSWER

There are numerous reasons, including the way UI benefits are calculated and the mid-year cutoff date for calculating UI tax rates for the following year.

QUESTION

Should exempt employees be included in the Employer's Contribution & Payroll Report?

ANSWER

No, exempt employees have no wages for UI purposes, so they should be omitted entirely from the quarterly report.

QUESTION

Should exempt payments be included in the Employer's Contribution & Payroll Report?

ANSWER

No, exempt payments made to otherwise covered employees, such as sick or disability pay, are not considered wages under Iowa law and should be omitted entirely from the quarterly report. Below is a list of payments made by the employer that are specifically exempted from the definition of wages (total and taxable) in section 96.19(41) of the Code of Iowa.

Exempt payments under a specific plan:

- Sick pay (including third-party payments)
- Accident disability
- Medical and hospitalization expense
- Death benefits

Exempt payments without a specific plan:

- Sick pay after six months
- Accident disability after six months
- Medical and hospitalization expense after six months

Exempt payments with or without a specific plan including retirement benefits.

QUESTION

Are tips considered wages for Iowa UI purposes?

ANSWER

Yes, tips reported to the employer are considered wages (total and taxable) for Iowa UI purposes.

QUESTION

When does the taxable wage base change?

ANSWER

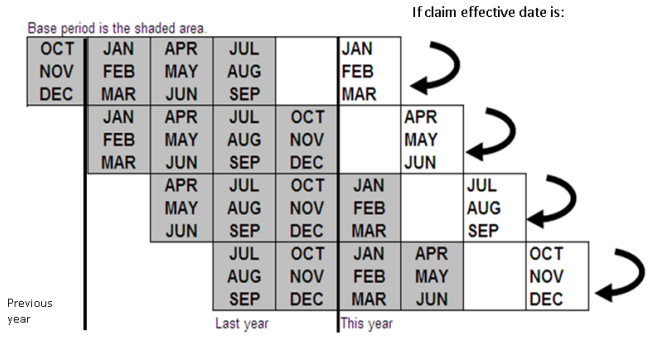
The taxable wage base changes each calendar year and employers should be sure to update their computer programs annually. Since Iowa's taxable wage base is a percentage of the average annual wage paid in the state, it changes every year without legislative action. Employers are notified of the change annually on their Notice of UI Contribution Rate (form 65-5306).

Glossary

ADDITIONAL UI CLAIM — A request filed by a claimant, who has established a benefit year that has not expired, to reopen a UI claim after a period of employment since the filing of claimant's last UI claim, provided that benefits were not previously exhausted. One or more additional UI claims may be filed during a benefit year.

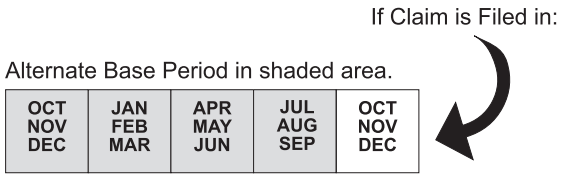
APPEAL — The right of interested parties to challenge a determination on the basis the determination is not legally correct or has been based on incorrect or incomplete facts. All appeals must be in writing, and must be filed within the specified time.

BASE PERIOD — The regular base period is the first four of the last five completed calendar quarters proceeding the quarter in which the UI claim is filed.



Effective Date of Claim	Standard Base Period is the previous 12 Months Ending
January, February or March →	September 30
April, May or June →	December 31
July, August or September →	March 31
October, November or December →	June 30

Effective July 5, 2009 an alternate base period became an option for those individuals who could not qualify using the regular base period. The alternate base period uses the first four completed calendar quarters proceeding the quarter in which the UI claim is filed. Example: If you file a new UI claim in October, November, or December (fourth quarter), the alternate base period would be the preceding October 1 through September 30.



BENEFIT RATIO — An employer's five-year average annual benefit payment is divided by the employer's five-year average annual taxable payroll. The result is benefits expressed as a percent of taxable payroll or a benefit ratio.

BENEFIT YEAR — The one-year period following the filing of a valid UI claim.

CALENDAR QUARTER — A three-month period ending on March 31, June 30, September 30 or December 31.

CHARGEBACKS — Charges to an employer's account for tax rate computation purposes that represent benefit payments made to former employees.

CONTINUED UI CLAIMS — The UI claimant's weekly certification requesting benefits during the UI claim year.

COVERED EMPLOYMENT — Work performed for an employer who is subject to the Iowa Employment Security Law and who pays UI taxes, also referred to as insured employment.

DEPENDENTS — Individuals declared or could be declared as dependents on federal income tax forms filed by the UI claimant last year or persons who will be listed as dependents on the claimant's current federal tax forms. Exception: A claimant's non-working spouse must not earn more than $120 gross wages in the week prior to the filing of the UI claim. (When both spouses are receiving UI, they cannot claim the same dependents on UI forms.)

DETERMINATION — A decision on a request for insured status, a UI claim for benefits, or any UI issue.

DETERMINATION DATE — The date a determination is made; also, the date an employing unit is determined to be a liable employer.

EFFECTIVE DATE (BENEFITS) — The date the benefit year begins. UI claims always begin on a Sunday. Usually, it is the Sunday of the week in which the UI claim is actually filed.

EFFECTIVE DATE (EMPLOYER) — The date an employer must begin reporting wages and paying UI tax on same.

EMPLOYMENT APPEAL BOARD — On appeal, reviews UI benefit decisions made by IWD administrative law judges. Appointed by the governor and confirmed by the Iowa Senate. One member represents employers, one represents employees, and one is a representative of the public. Located in the Department of Inspections and Appeals.

EXPERIENCE RATING — The system by which an employer's tax rate is adjusted according to employment experience; also referred to as merit rating.

EXTENDED BENEFITS (EB) — A high state unemployment rate will trigger an increase in the maximum duration of claimants' benefit periods. Claimants then are entitled to an increase in duration of benefits up to 50 percent of regular benefits, or a maximum of 13 additional weeks. All extended benefits are paid for by employers' taxes. Fifty percent of such benefits are funded through UI contributions and the other 50 percent through the FUTA tax.

FEDERAL UNEMPLOYMENT TAX ACT (FUTA) — Federal UI Law. See Internal Revenue Code, Chapter 23, Sections 3301-3311.

INITIAL UI CLAIM — An application by an unemployed wage earner for a determination of eligibility for UI and computation of weekly and maximum benefit amounts.

LAG QUARTER — The calendar quarter immediately preceding the quarter in which the UI claim is filed.

NEXT SUCCEEDING EMPLOYER — An employer who hires a person who has voluntarily quit or who has been discharged from the prior employment for misconduct.

PART-TIME EMPLOYEE — An individual who normally works in an occupation where services are not required for the customary full-time hours or who, because of personal circumstances, does not work the customary full-time hours.

PREDECESSOR EMPLOYER — An employer who has sold or otherwise transferred the business to another.

RATE COMPUTATION DATE — July 1 of each year. The date established by law for the computation of experience rates.

SEPARATING EMPLOYER — The employer at the time the employee is laid off, discharged, or quits. This may or may not be the base-period employer depending on the period of time the individual has been employed there.

SEVERANCE — When an employer pays a laid off worker for dismissal, termination, or separation and includes wages in lieu of notice. This is 100% deductible.

STAY PAY — When an employer pays a specified sum to an employee after a layoff has been announced. This is not deductible from benefits.

TAXABLE WAGES — That portion of wages on which UI tax is paid. (An employer pays UI tax on the first $27,300.00 in 2015 for wages paid to each insured employee, and $28,300 in 2016.)

TOTAL PAYROLL — Total wages paid by an employer to all employees for insured work.

VALID UI CLAIM — An application for benefits that meets all the eligibility conditions specified by the law and establishes a benefit year.

WAGE CREDITS — The equivalent of one-third of the claimant's insured wages within the base period. This figure is credited to the claimant's account and is a major factor in determining the claimant's maximum benefit amount. Note: One-half of the claimant's insured wages in the base period are credited to the account if the claimant's last employer went out of business or is under EB.

WAGES — All compensation for personal services in cash or other medium unless specifically excluded from the definition of wages in Section 96.19(41) of the Iowa Code.

Most forms and publications can be found on IWD's website at www.iowaworkforcedevelopment.gov.

IOWA®
WORKFORCE
DEVELOPMENT

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request
for individuals with disabilities.
For deaf and hard of hearing, use Relay 711.

70-5007 (07-15)