

COVID-19 (Coronavirus) and Unemployment Insurance Benefits for Employers

Questions and Answers

Question 1: We may experience a shut-down or layoff in response to the coronavirus. What do we need to consider?

Answer: If your business is considering a major layoff or shut-down, Iowa Workforce Development's Dislocated Worker Program staff can help guide you through what will be a difficult process for your company and a difficult time for your employees. Our Rapid Response Team can help ensure compliance with federal regulations that apply to mass layoffs, and can provide a variety of services for your employees.

Question 2: We may need to reduce work hours; what options do we have?

Answer: Employers experiencing a slowdown in their businesses or services as a result of the COVID-19 impact on the economy may apply for the Voluntary Shared Work Program. This program allows employers to seek an alternative to layoffs — retaining their trained employees by reducing their hours and wages that can be partially offset with unemployment insurance benefits. Visit <https://www.iowaworkforcedevelopment.gov/voluntary-shared-work-frequently-asked-questions> to learn more about its benefits for employers and employees, and how to apply. Employers in an approved Voluntary Shared Work plan will not be charged for the benefits paid out. If you reduce hours or have a temporary lay-off, workers will be available for partial or full unemployment insurance benefits.

Question 3: If an employee receives unemployment benefits as a result of a COVID-19 related business shutdown, will the employer's unemployment taxes increase?

Answer: All unemployment claims filed and paid as a result of COVID-19 will have the charges waived for employers for a time. At this time, IWD is allowing non charging to employers until the Iowa Unemployment Insurance trust fund drops below \$950 million dollars. At that time, IWD will begin charging employers so as to maintain the integrity of the Trust Fund. IWD will announce when this occurs on its web page.

Question 4: If an employee receives federal extension unemployment benefits as a result of a COVID-19-related business shutdown, will the employer be charged for those benefits?

Answer: No, any benefits beyond the normal unemployment insurance benefits that are available in Iowa will not be charged to an employer.

Question 5: Can an employer require a worker to stay home for the COVID-19's incubation period?

Answer: Yes. The employer can require an employee to stay at home for the 14 day isolation period if they have traveled abroad or had contact with someone who visited an affected region. The employer should attempt to provide paid leave as available under the Families First Coronavirus Response Act (FFCRA). You can also place your employee on temporary lay-off and your employee will be eligible for unemployment insurance benefits.

Question 6: If I have 25 employees and need to do a temporary shutdown, do we need to file a WARN notice?

Answer: No. An employer only needs to file a WARN notice if they intend to shut down permanently. In a temporary layoff, a WARN notice would not apply.

Question 7: Do I need to pay out paid leave to my employees that are unable to work as a result of COVID-19?

Answer: Maybe. Please review your obligations under the FFCRA and the triggering events for this to be done.

Question 8: IWD has recently issued a policy that it is not requiring employees to use PTO, vacation, or sick leave prior to being paid benefits, what does this mean for employers?

Answer: Nothing. IWD made a policy decision for requirements of benefit eligibility. An employer may choose to make their own policy that an employee must use their paid leave prior to an employee being placed on a temporary layoff.

Question 9: As an employer, can I still enforce and expect my workers to obey all legal policy, procedures, and instructions?

Answer: Yes. The current Covid-19 situation has not changed employee's duties, and the employer's ability to direct their workforce.

Question 10: Are there new requirements I need to review as an employer, and what legal obligations I have during this situation?

Answer: Yes. Congress has enacted the FFCRA, and the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#). Please consult your legal counsel or Human Resources for your obligations under these two Acts. Please also review the Iowa Workforce Development webpage for updates regarding the unemployment insurance benefit changes as they are occurring.

Question 11: Is fear or a non-documented reason enough for a worker to not be at work?

Answer: No. Please review the triggering requirements for the FFCRA and the CARES Act.

Question 12: My employee, who does not have an underlying medical condition, has returned to work and reports they feel unsafe. Can they quit and get unemployed benefits?

Answer: If you are taking steps to create a safer workplace, for example, providing extra wash stations, additional sanitation, PPE such as masks or gloves, or following social distancing recommendations, the employee probably will not be eligible for unemployment benefits if they choose to quit employment. If you refuse to follow safety measures and OSHA guidelines recommended by state or federal governments for your industry, then the employee may be able to receive unemployment benefits. However, whether the employee is eligible for unemployment benefits is very fact specific and will be determined on a case-by-case basis.

Question 13: My employee has returned to work and reports that they feel unsafe due to a preexisting or underlying medical condition that makes them high risk for COVID-19. Can they quit and get unemployment benefits?

Answer: You can request an employee provide information from their doctor requesting a reasonable accommodation. If you deny the employee an objectively reasonable accommodation required by their doctor due to a preexisting medical condition, or if you are unable to provide them a safe working environment (such as working from home), they probably will be eligible for unemployment benefits if they choose to quit employment should you refuse to continue their furlough.

Question 14: Can my employee decide on their own that they do not want to come to work, or return to work when instructed?

Answer: Should an employee choose not to attend work, or return to work, this would be considered a voluntary quit, job abandonment, or refusal to return to work. These would all be a disqualification for regular state unemployment insurance benefits. If this occurs, employers should respond to the notice of claim they receive when the employee files for unemployment benefits or they can report it to IWD at <https://uiclaims.iwd.iowa.gov/EmployerSeparation/>.

If an employee is found ineligible for state unemployment benefits, they may apply for Pandemic Unemployment Assistance (PUA). Some of the reasons an employee may refuse to work that might result in unemployment benefit eligibility for PUA include but are not limited to:

1. They are diagnosed with COVID-19 or are experiencing symptoms.
2. A member of their household has been diagnosed with COVID-19.
3. They are providing care for a member of their household who was diagnosed with COVID-19.
4. They, or a member of their household, are in a higher risk category and have been advised by their healthcare provider to self-quarantine due to concerns related to COVID-19.
5. They lack necessary childcare related to COVID-19.
6. They cannot reach the place of employment due to a quarantine related to COVID-19.
7. They had COVID-19 and have recovered, but it caused complications rendering them objectively unable to perform essential job duties.

Thus, if an employee meets any of these requirements, they could refuse to return to work but draw federal unemployment benefits. Employers should work closely with employees to try and accommodate any barriers they face in returning to work.

Question 15: My employees might make more money on unemployment insurance benefits than they would working. Can they leave to go on unemployment when I still have work available?

Answer: No. They must be laid off, temporarily laid off, or have reduced hours to qualify for benefits. If an employee leaves to collect unemployment, this would be a disqualification and may constitute fraud. If an employee leaves for the sole purpose of collecting unemployment benefits, please notify IWD at <https://www.iowaworkforcedevelopment.gov/report-fraud>.

Question 16: I am going to call my employees back to work but need to make some changes in the way we do business due to the current environment. Can my employees quit due to the changes and get benefits?

Answer: An employee may be eligible to receive unemployment benefits if there is a substantial change in the contract of hire and they quit their position. For example, if you reduce their pay by 25 to 30%, permanently change their assigned shift without their agreement, move them to a new facility with a substantially longer commute, or make other drastic modifications to the type of work for which you hired them would constitute a substantial change in the contract of hire. However, minor changes, for example moving them to a new line, requiring one or two extra hours of work a day, or changing their work location in the same facility, etc., likely would not constitute a change in the contract of hire and they would not be eligible for unemployment benefits. The issue of what is substantial is very fact specific and is determined on a case-by-case basis.

Question 17: Are my employees still eligible for unemployment insurance benefits if I can only return them to work on a reduced schedule?

Answer: Maybe. Iowa allows for partial unemployment benefits. The employee needs to report their wages earned each week when making their weekly claim for benefits. This type of income includes: wages; holiday pay; sick leave; stand-by pay; tips, gratuities, commission, and incentive pay; and, any compensation other than cash (i.e. room and board, cell phone). They may earn up to 25 percent of their weekly benefit amount ("WBA") before the benefit payment is reduced, but there is still a requirement to report all earnings even if under 25 percent. Earnings higher than 25 percent will reduce the employee's benefit payment. If they earn \$15 or more over their WBA, they will not receive a benefit payment for that week. For example:

Their WBA is \$400 and they earn \$370.

25% of \$400 is \$100. \$100 is not deducted from the WBA.

$\$370 - \$100 = \$270$. The remaining \$270 is deducted from the WBA.

$\$400 - \$270 = \$130$.

\$130 is the payment amount for the week.

Question 18: How will IWD know if my employees correctly report their wages?

Answer: Any claim filed is subject to audit or investigation. You report wages paid to each employee every quarter. IWD has a computer program that cross matches wages paid and wages reported when a claim is filed. If IWD determines that the employee fraudulently reported wages, they will be overpaid benefits and will be subject to a 15% penalty, ineligibility for future benefits, and criminal prosecution.

Question 19: If my employee uses PTO, vacation or sick leave, does this impact their unemployment insurance benefits?

Answer: Yes. Any wage substitute needs to be reported by the employee, and it will be deducted from their unemployment insurance benefits. Please refer to question 16.

What if I have additional questions?

Should you have additional questions, please contact Iowa Workforce Development at 1-866-239-0843. The Iowa Unemployment Insurance Employer Handbook can be found here: <https://www.iowaworkforcedevelopment.gov/employer-handbook>. Iowa Workforce Development will not be able to provide legal or human resources advice. Please contact your legal or human resources representatives for those questions.

Where can I find additional information for businesses and employers on COVID-19?

U.S. Department of Labor: <https://www.dol.gov/coronavirus>

Iowa Department of Public Health:

<https://idph.iowa.gov/Emerging-Health-Issues/Novel-Coronavirus>

Centers for Disease Control: <https://www.cdc.gov/coronavirus/2019-ncov/index.html>

Centers for Disease Control Resources for Businesses and Employers:

<https://www.cdc.gov/coronavirus/2019-ncov/community/organizations/businesses-employers.html>

Attention: At this time, IWD is not charging employers for claims made by their employees due to Covid 19 related unemployment. We have established a trigger for the balance of the Unemployment Insurance Trust Fund at which point, it will be necessary to begin to charge employers accounts for respective unemployment claims. We have established the trigger at \$950M and the trust fund balance is currently at \$1.10B or \$180 million dollars over that trigger of \$950 million. This decision was made to assist with our recovery by minimizing any increases they may face in the unemployment tax rate which is based in large part on the trust fund balance. CARES Act claims for the self-employed and the \$600 weekly benefit will not be paid from the trust fund.