

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 our unemployment taxes increase?

Answer: At this time, IWD is not charging employers for claims made by their employees due to COVID-19 related unemployment. As Governor Reynolds announced on May 29th, 2020, money has been reserved from the \$1.25B Corona Virus Relief Fund provided to Iowa through the CARES Act as we continue to monitor the status of the UI trust fund, and to address any additional unforeseen COVID-19 allocated expenses. The intent remains to assist with Iowa's recovery by minimizing as much as possible any increases employers may face in the unemployment tax, which is based in large part on the trust fund balance.

Question 4: If an employee receives federal extension unemployment benefits as a result of a COVID-19-related business shutdown, will we 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 I 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 issued a policy that no longer requires employees to use PTO, vacation, or sick leave prior to being paid benefits, what does this mean for my business?

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 unemployment 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 (for example 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 and 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 employee has reported they are unable to work because they are caring for a family member who is sick with COVID-19. Is there any other guidance as to what this means?

Answer: For PUA eligibility, it means the care the family member needs requires such ongoing and constant attention that the employee's ability to perform other work functions is severely limited. If the employee is assisting a family member who is able to adequately care for themselves, they are not providing care to an extent that would make them eligible for PUA.

Question 16: My employee has reported they need to be off work to care for their child who is unable to go to school or daycare. I know there is another family member or member of the household who could care for the child. Can they choose to stay home and still be eligible for unemployment benefits?

Answer: No. In order to be eligible for PUA benefits they must lack necessary childcare. If they have other child care options available, then they do not meet the PUA eligibility qualifications.

Question 17: My employee was unable to work because their child's school closed. The school year has ended and daycares in the area have reopened. Can my employee keep their child out of daycare and continue to receive benefits?

Answer: No. The employee is no longer unemployed due to a COVID-19 related reason because the child would not be in school regardless of the pandemic. They need to rely on their normal summer child care. If their normal summer child care provider has not reopened, they may still be eligible for PUA.

Question 18: My employee is off work for one of the COVID-19 related reasons and we had a fact-finding interview. Why was my employee denied benefits?

Answer: If the decision does not mention Pandemic Unemployment Assistance or PUA, it's a decision about whether they are eligible for state or regular unemployment benefits. State benefits require them to be able to and available for work. Under PUA, they need to be able to and available for work but for one of the COVID-19 related reasons.

The employee is only eligible for PUA if they are not eligible for state benefits. We have to determine the employee's eligibility for state benefits before we can consider their eligibility for PUA. You have the right to appeal the decision you received. However, you only need to appeal the decision if you disagree with the reason for which the employee was denied benefits.

If the employee is denied state benefits, please direct them to visit: <https://www.iowaworkforcedevelopment.gov/pua-information> and scroll down to "Submit Proof Here." They will fill out the questionnaire regarding the reason they are not working, but they are not required to submit additional proof of income. Their claim will be reviewed for PUA eligibility.

Question 19: 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 20: 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, it 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 a substantial change in the contract of hire is very fact specific and is determined on a case-by-case basis.

Question 21: 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:

Your WBA is \$400 and you 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 22: 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 23: 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 21.

Question 24: I own my own business. The governor has said businesses in my county and industry "may" reopen but I do not want to reopen my business yet. Am I still eligible for PUA?

Answer: Yes, so long as your business closed due to one of the qualifying COVID-19 reasons.

Question 25: I am a non-profit or other reimbursable employer. The CARES Act states only 50% of the charges to my account due to COVID-19 will be covered. How is IWD going to implement this?

Answer: IWD is not currently charging any employer, including reimbursable employers, for benefits claimed due to COVID-19. Therefore, that provision of the CARES Act is not currently applicable to Iowa reimbursable employers.

Question 26: We are an educational employer and our employees were initially laid off due to COVID-19. However, we notified our employees before the end of the school year that they would be returning to the same jobs next school year. Are they eligible for benefits over their normally scheduled Summer Break?

Answer: No, not during a scheduled break, if they have reasonable assurance that they will remain employed in the same or similar manner after the break ends. However, if you recall an employee, they must be able to return to work. If they are not able to return to work upon recall, their eligibility for benefits could be questioned. If an employee is filing for benefits and does not have reasonable assurance of continued employment following the break, they may be eligible for state benefits, provided they meet all other eligibility requirements. If you have an employee who did not return to work when recalled or has reasonable assurance to return to work in the fall, please report it to IWD at <https://www.iowaworkforcedevelopment.gov/job-offer-decline-form-employers> and provide as much relevant information as possible.

Question 27: I am an employer and I have temporarily laid off some of my employees due to a reduction in business due to COVID-19. Do my employers need to complete work searches?

Answer: The work search requirement will be reinstated on September 8, 2020 for all claimants except as noted below. The work search must be a reasonable and honest effort to find suitable work and claimants must complete a minimum of two job contacts a week unless the work search requirement is waived. By conducting work searches, claimants are likely to find employment quicker. If claimants refuse a job offer, they may lose their unemployment benefits. IWD had

previously waived the work search requirement for those impacted by layoffs and reductions in work hours since the beginning of the pandemic. Claimants currently receiving Pandemic Unemployment Assistance (PUA) benefits due to a medical diagnosis or lack of childcare directly related to COVID-19 will not be required to begin work searches at this time. We have also posted updates on our website regarding [work search requirements](#). There are currently over 58,000 job openings at <https://www.iowaworks.gov>.

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>

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