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Emergency Unemployment Compensation in Iowa

DES MOINES – In light of recent, misleading information regarding Iowa’s unemployment benefits system, Iowa Workforce Development is setting the record straight.

“Iowa has one of the strongest unemployment insurance systems in the country for both workers and businesses,” stated Deputy Director Joe Walsh. “The U.S. Department of Labor, the regulating body for the program, has commended the state as having one of the most effective programs for Emergency Unemployment Compensation.” Actually, Iowa has enacted legislation which provides benefits for the unemployed which far exceed the federal Extended Benefits program.

Iowa has a generous benefits system developed through a detailed and delicate compromise between business and labor which provides the maximum benefits to unemployed Iowans while keeping employer taxes low and protecting the solvency of the Unemployment Insurance Trust Fund.

Currently, Iowans can receive up to 26 weeks of regular state benefits, followed by an additional 47 weeks of federal Emergency Unemployment Compensation (EUC) benefits known as Tier 1, Tier 2 and Tier 3. Nationally, a Tier 4 is available for states with an unemployment rate of 10 percent or greater. Iowa’s unemployment rate is 6.8 percent.

Governor Culver presided over the largest extension of unemployment benefits in the state’s history which went into effect in 2009. By passing Iowa’s Unemployment Insurance Modernization Act, Iowans who enter a high growth/high demand training program are eligible for 26 weeks of additional benefits. To date, over 4,300 Iowans have taken advantage of the program. “This was the largest expansion of unemployment benefits in the state’s history,” Walsh said. “It was great public policy for both workers and business. No other state in the country is as forward thinking as Iowa in this regard.”

Iowa is also one of the only states in the nation to offer plant closing benefits which provide an additional 13 weeks to qualified individuals. Furthermore in Iowa, unlike other states, unemployed workers can easily qualify for a second benefit year meaning that workers who exhaust all their EUC are likely eligible for other types of benefits. “They can re-qualify for benefits either under the training extension, plant closure benefits or a second benefit year. It is simply not true that 18,000 people were kicked off benefits because we do not have Extended Benefits,” Walsh said. Many, if not most of those folks qualified for a different type of benefits.”

Iowa has an additional program called Extended Benefits which is activated when the unemployment rate reaches 8 percent. The federal government recently made changes that would have allowed Iowa to receive the benefits if laws were changed during the 2009 legislative session, however the program was set to expire prior to the end of the session. By changing the law and leaving it on the books after the expiration of the federal program, Iowa's Trust Fund would have stood a likely chance of going bankrupt. Thirty-two states have seen their trust funds go broke while Iowa's has remained solvent and healthy.

"If we would have changed our system to accommodate the 6.5 percent threshold and then Congress would have failed to extend the program, our Trust Fund could have gone broke very quickly. It was far too risky and I do not think that any of the stakeholder groups would have been willing to accept that risk," Walsh stated. "Because of the reliance on Congress the program is highly unpredictable. This makes long-term planning next to impossible."

"It is silly to argue about this issue now," Walsh said. "Congress finally passed EUC and that is a good thing. We are very glad that Sen. Grassley and his staff are expressing concern about the unemployed. I think Iowans expect us to all come together to figure out how to make our system work and not try to blame one another for what has happened in the past. We look forward to working with Sen. Grassley and his staff to continue to improve Iowa's unemployment insurance system."

There are several unemployed workers out there who have exhausted benefits and not qualified for other types of benefits. Those workers should seek assistance at an Iowa *WORKS* center to see what programs they may be eligible.

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