



Unemployment Claims Costs Related to COVID-19

The Iowa Workforce Development website states:

“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 \$950 million and the trust fund balance is currently at \$1.10 billion 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. (Update - April 9, 2020).”

The previous statement pertains to any contributory or reimbursable employer in the state of Iowa and means the employer will not incur costs related to unemployment claims if they are directly or indirectly related to COVID-19. Once the State Unemployment Trust Fund hits the trigger of \$950 million, the employers will incur the costs of these claims. The additional \$600 weekly benefit is part of the CARES Act and will not be part of the unemployment claim cost passed on to employers.

The CARES Act also states that the federal government will reimburse 50% of the unemployment compensation paid by certain non-profits and governmental agencies between March 13, 2020, and December 31, 2020. This provision will start once the trigger has been reached.

Therefore, it is very important to ensure that any unemployment claims that are COVID-19 related are specified as such. Employers will receive notification of the claims, but fact-finding interviews will be waived in order to speed up the process and payment of claims. Any claims not specified as directly or indirectly related to COVID-19 will follow current procedures and it will be important for the employer to continue to respond as needed.

Dated: April 10, 2020