
Unemployment Insurance Handbook for Employers

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2009

Introduction

This handbook explains the Iowa Unemployment Insurance Program and the taxing procedures for private sector employers, including contributory 501(c)(3) nonprofit organizations. However, explanations of unemployment insurance claims and benefit payment procedures may also apply to governmental entities and reimbursable nonprofit organizations. 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. Intended to be an introduction for Iowa employers to the general procedures under the Iowa Unemployment Insurance Program, this handbook does not contain legal advice. Readers should consult legal counsel for specific legal problems under the Iowa Employment Security Law.

Release of Information

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

Since it is impossible to conclusively identify a telephone caller at the time of the call, confidentiality laws prevent the Unemployment Insurance Division from discussing the specifics of an employer's account over the phone. Employers are urged to make such inquiries in writing or in person. However, general questions on requirements of unemployment insurance law or on how to fill out reports and forms can be answered by telephone.

Iowa Workforce Development will release information provided by employers to an individual upon request, if the information concerns the individual. Information will also be provided to various federal and state agencies upon request if Iowa Workforce Development is required to provide it by law, rule or regulation.

Employers have various uses for tax information including protest of the employer's contribution rate. It should be noted that the case file and decision resulting from any appeal before an Iowa Workforce Development administrative law judge becomes public record.



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Iowa's Unemployment Insurance Program at Work

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

The law restricts payment of unemployment insurance benefits to only those workers who are jobless through no fault of their own, and it imposes specific requirements on eligible workers who receive benefits. They must be able to work, available for work, and be earnestly and actively searching for work. Employers do not make any deductions from the worker's paycheck to fund unemployment insurance 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 Iowa Unemployment Insurance Program; and 2) the overall fiscal condition of the Unemployment Insurance Trust Fund.

The Iowa Unemployment Insurance Program operates statewide through Iowa Workforce Development Centers. Unemployed workers may file claims and register for work at any of these centers. Claims also can be filed over the Internet at www.iowaworkforce.org using the "Online Services".

As part of Iowa Workforce Development, the Unemployment Insurance Division administers the state and federal unemployment insurance programs. The Unemployment Insurance Division is responsible for the maintenance of the Unemployment Insurance Trust Fund, collection of state unemployment insurance contributions from employers, and payment of benefits to eligible jobless workers.

Innovative procedures originating in the Unemployment Insurance Division have been adopted by many other states, and the Iowa program is frequently selected by the U.S. Department of Labor to develop and test new procedures and programs.

Iowa Workforce Development Resource Numbers

General Information	(515) 281-5387
UI Tax Bureau	(515) 281-5339
Fax	(515) 242-6301
UI Appeals Bureau	(515) 281-3747
Fax	(515) 242-5144

Telephone numbers for your local Iowa Workforce Development Center are available online at the IWD Website: www.iowaworkforce.org.

Download UI Tax Forms From the Web

Iowa Workforce Development has a Website designed specifically to meet the needs of Iowa businesses and employers. Use the quick links on the left for access to publications, including Unemployment Insurance publications and tax forms, and required workplace posters.

- Type www.iowaworks.org.
- Left hand side of page, click on "Forms and Publications" option.
- Click on "Unemployment Insurance".
- Forms can be viewed, printed, and mailed or faxed to Iowa Workforce Development.

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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 has or had in its employ one or more persons 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 with the Unemployment Insurance Division of Iowa Workforce Development (IWD) by filing a Report to Determine Liability (form 60-0126).

The employing unit is asked to give its name, trade name, address, type of business, wages paid, products (manufactured or services traded), and the number of its employees. A determination is then made as to whether the employing unit is required to participate in the unemployment insurance program.

Regardless of the number of persons it employs, a new employing unit should file a Report to Determine Liability form when it first goes into business. This form should be filed no later than the month following the one in which workers were first hired in Iowa so that the employing unit can be advised of its status before interest and penalties accrue.

An employing unit that acquires the enterprise or business or segregable part of the business of an employer, who is subject to payment of unemployment insurance taxes, must file a Report to Determine Liability form as soon as it acquires the business.

Out-of-state employing units should file a Report to Determine Liability form as soon as they have employment in Iowa.

Report to Determine Liability forms may be obtained from IWD's Tax Bureau, or from your local Workforce Development Center. This form can also be downloaded from IWD's Website.

Required Records

Every individual or organization employing workers in Iowa must maintain accurate payroll records showing the names and social security numbers of its workers, number of persons employed, the days and calendar weeks during which they worked, and the earnings for periods during which they worked. 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 unemployment insurance taxes, the Unemployment Insurance Division may legally require them to file certain reports and to permit designated Iowa Workforce Development 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 unemployment insurance taxes to the Unemployment Insurance Division. All such employers fall into at least one of the following classifications.

1. Number of Workers 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:

a. One or More Employees

An employing unit becomes a liable employer retroactively to January 1 of any year in which it 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 need not be consecutive and the same individuals need not be employed in each such week. Workers in all establishments operated by the same employing unit must be included in the count. Part-time workers are counted the same as full-time workers.

b. Payroll of \$1,500

An employing unit becomes a liable employer retroactively to January 1 of any year in which it has a total payroll of \$1,500 or more in any calendar quarter for covered services.

c. Agricultural Laborers

An employing unit that paid cash wages of \$20,000 or more to agricultural laborers in any quarter of the current or previous calendar year, or employed 10 or more workers in some portion of a day in 20 separate weeks in the current calendar year or the preceding calendar year is a liable employer.

d. Domestic Workers

An employing unit paying cash wages of \$1,000 or more to domestic workers during any calendar quarter in the current calendar year or the preceding calendar year is a liable employer.

e. Nonprofit Organizations

Nonprofit religious, charitable, scientific, literary, or educational organizations, or organizations working for the prevention of cruelty to children or animals 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 Unemployment Insurance Trust Fund for any unemployment insurance 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 (IRS) tax exempt letter. Refer to Section 96.7(8,10) of the Iowa Code for additional information regarding requests for reimbursable status.

f. Governmental Entities

Governmental entities are required to reimburse Iowa Workforce Development for any unemployment insurance 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. Cities, counties, school districts, townships, and community college districts are governmental entities.

2. Successorship

An employing unit becomes a liable employer by acquiring either the organization, the trade or business, or part of the organization, trade or business, or substantially all the assets of another liable employer. Also, the transfer of part or all of an employer's workforce to another employer may be considered a sale or transfer where there is substantially common ownership, management, or control of the two employers. The acquisition need not be by purchase but can be rental, lease, inheritance, merger, or mortgage foreclosure. The predecessor's Iowa unemployment insurance account or part of the account including tax rate, indebtedness, and future claims may be transferred to the acquiring employer if the conditions in Section 96.7-2b of the Iowa Code are met. Liability starts with the date of acquisition.

An employer planning to sell or otherwise transfer all or part of the employer's business is liable to the acquiring employer for actual damages and attorney fees if the transferring employer fails to disclose or willfully discloses incorrect information to the purchasing employer regarding the unemployment insurance benefits charged against the transferring employer's account.

Upon any business acquisition, the new owner who wishes to retain any employees of the former owner should make a formal 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 Workforce Development Center.

3. 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 workers performing services in Iowa and such services are subject to the federal tax.

4. Elective Coverage

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

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 Iowa Workforce Development.

Excluded Services and Wages

Certain types of workers are not included when:

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

The more commonly occurring exclusions are listed here.

- 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.

Note: The exclusions listed in item 3 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.

Following are examples of how the law on exempt family relationships affect a partnership.

- A father's employment and wages are exempt in a mother/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.
- Sick or disability pay 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 if the services are performed by a student who is enrolled and regularly attending classes, and by the student's spouse if the spouse was hired under a program to provide financial assistance and if 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 or in the employ of a convention or association of churches or an organization operated, supervised, controlled or principally supported by a church or convention or association of churches

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, although it may be church related, (not operated primarily for religious purposes) is covered employment.

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

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

Employer Audits

Periodic audits are made by the Unemployment Insurance Division of all employers subject to the Iowa Employment Security Law. These audits may result in refunds or additional taxes. Field representatives may also inspect noncovered employers to determine if they are subject to the law.

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 Unemployment Insurance Division immediately in writing of any change of address.

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.

Poster and "Facts About Unemployment Insurance" Pamphlet

Employers are required to display the poster "Unemployment Insurance" in a place where all employees can see it. This poster informs employees of their potential right to benefits under the unemployment insurance law and gives general instructions on how and where to apply for benefits.

At the time unemployed workers apply for unemployment insurance benefits, they are given a copy of the booklet "Facts About Unemployment Insurance" (70-6200) explaining their rights and responsibilities as claimants. Employers may obtain copies of this booklet for their own information, or view and download it from IWD's Website.

Employer's Contribution & Payroll Report

The Employer's Contribution & Payroll Report (form 65-5300), is among the most important unemployment insurance forms used by Iowa employers. Every employer liable under unemployment insurance (even when there is no employment in a specific reporting quarter) is required by law to complete this form each calendar quarter.

The quarterly report has two primary functions:

- It is a record of wages earned by each employee. Wages earned are essential to determining the individual worker's eligibility for unemployment insurance and in calculating his/her unemployment insurance weekly benefit amount.
- It indicates total taxable wages paid by the employer during the quarter. Taxable wages paid are a prime factor in determining the employer's unemployment insurance tax rate.

Iowa Workforce Development Unemployment Insurance Tax, has developed an eFile and ePay system called Unemployment Insurance Tax System (UITS). This system features:

- the ability to file quarterly Employer's Contribution & Payroll Reports online
- automated calculations of the taxable wages and contributions due based on the information provided
- ePayment options that allow the user to pay their Unemployment Insurance contributions by eCheck or MasterCard
- save and return feature for system re-entry at a later time
- online help features that will guide the user through the filing process

The web address for UITS online reporting is www.uits.iowaworkforce.org. Click on Unemployment Insurance Tax System under Online Services. Contact information for the new UITS system is:

- email: iwduitax@iwd.iowa.gov
- UITS help desk: 888-848-7442

Employers have the option to file their quarterly wages by CD. For information regarding the CD filing instructions, please visit www.iowaworkforce.org/ui/stawrs/Magmedia.pdf or call 888-848-7442 for assistance and select option 3.

Employer's Wage Adjustment Report

The Employer's Wage Adjustment Report (form 60-0061) is used to make corrections to previously submitted Employer's Contribution & Payroll Reports (form 65-5300). This form is used to adjust individual wage lines and/or to adjust totals.

This form can be found at www.iowaworkforce.org/ui/stawrs/68-0061.pdf or may be obtained by calling the UITS help desk at: 888-848-7442 and choosing option 3.

Unemployment Insurance Taxes

Employer's Account

An account for each employer covered by the law is maintained by the Unemployment Insurance Division. Each employer's account is credited with tax contributions made by the employer. The account is charged for all regular unemployment insurance benefits paid and for 50 percent of extended benefits paid to qualified separated employees. There are limited situations in which benefits are not charged to any specific employer's account but are totally deducted from the Iowa unemployment insurance fund.

Each employer's account 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 Iowa Workforce Development.**

Tax Rate Tables

The Iowa law stipulates that unemployment insurance 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 unemployment insurance fund. **As such, a formula in the law mandates movement to a table that collects more revenue when the balance in the unemployment insurance 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 2009 is Rate Table 6.

BENEFIT RATIO RANK	APPROXIMATE CUMULATIVE TAXABLE PAYROLL LIMIT	CONTRIBUTION RATES TABLES								
		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	0.0
2	9.5%	0.0	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	0.0
4	19.0%	0.4	0.3	0.3	0.2	0.1	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	0.1
6	28.6%	0.9	0.8	0.6	0.5	0.4	0.3	0.2	0.2	0.1
7	33.3%	1.2	1.0	0.8	0.6	0.5	0.4	0.3	0.3	0.2
8	38.1%	1.5	1.3	1.0	0.8	0.6	0.5	0.3	0.3	0.2
9	42.8%	1.9	1.5	1.2	0.9	0.7	0.6	0.4	0.4	0.3
10	47.6%	2.1	1.8	1.4	1.1	0.8	0.6	0.5	0.5	0.3
11	52.4%	2.5	2.0	1.6	1.3	1.0	0.7	0.5	0.5	0.3
12	57.1%	3.0	2.4	1.9	1.5	1.1	0.9	0.6	0.6	0.4
13	61.9%	3.6	2.9	2.4	1.8	1.4	1.1	0.8	0.8	0.5
14	66.6%	4.4	3.6	2.9	2.2	1.7	1.3	1.0	1.0	0.6
15	71.4%	5.3	4.3	3.5	2.7	2.0	1.6	1.1	1.1	0.7
16	76.2%	6.3	5.2	4.1	3.2	2.4	1.9	1.4	1.4	0.9
17	80.9%	7.0	6.4	5.2	4.0	3.0	2.3	1.7	1.7	1.1
18	85.7%	7.5	7.5	7.0	5.4	4.1	3.1	2.3	2.3	1.5
19	90.4%	8.0	8.0	8.0	7.3	5.6	4.2	3.1	3.1	2.0
20	95.2%	8.5	8.5	8.5	8.0	7.6	5.8	4.3	4.3	2.8
21	100.0%	9.0	9.0	9.0	9.0	8.5	8.0	7.5	7.5	7.0

Determining Each Employer's Benefit Ratio

In addition to mandating the tax table in effect, the Iowa Unemployment Insurance Law also provides a formula for determining the tax rates of individual employers.

While some employers seldom lay off employees, other employers, because of the nature of their work, periodically lay off large or small numbers of employees. The current formula results in a "benefit ratio." This approach recognizes the above-mentioned difference and is designed to encourage private employers who 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 a company'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

Approximately 55,000 of the 70,000+ employers who participate in Iowa's Unemployment Insurance Program are ranked. These 55,000 are employers who have reported to Iowa Workforce Development long enough to be qualified for a computed experience rate. The other 15,000 employers are either newly covered employers, 501(c)(3) nonprofit reimbursable employers, or governmental employers.

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

Each employer's rank is computed by listing the employers by increasing benefit ratios from the lowest benefit ratio to the highest ratio. Next, this list of approximately 55,000 employers is divided into 21 groups or ranks. As nearly as possible, each of the 21 ranks contains 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 55 percent of Iowa's ranked employers have a 0 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 in effect (see Rate Tables on page 7). Employers in Rank 2 are assigned the corresponding Rank 2 rate, etc. until all employers have been assigned rates.

Benefit Ratio

Employer's Five-Year
Average Annual
Taxable Payroll

Five-Year Average
of Benefit Payments
Charged to Employer

- **Temporary Emergency Surcharge.** A temporary emergency surcharge may be added to the rate of certain employers in any calendar quarter that the Unemployment Insurance Division owes interest on money borrowed from the federal government to pay unemployment insurance benefits. It is expected that no temporary emergency surcharge will be needed in 2009.
- **Reserve Fund.** As a result of SF 458, a new fund called Reserve Fund was created in 2004. The Reserve Fund, which is an integral part of the contribution rate, is not a tax increase so will not impact the overall contribution rate. This Fund will be used to pay unemployment benefits and interest used to support certain Iowa Workforce Development centers in place of the administrative surcharge previously assessed.

Refer to item 1 of the tax rate notice or item 14 on the quarterly tax report for a breakdown of the contribution rate for each individual account.

Employers that will be excluded from participation in the Reserve Fund include zero rated employers, new non-construction employers, governmental entities, certified nonprofit organizations, and those accounts with a computed tax rate of 5.4%

For Federal 940 Certification purposes, the State Experience Rate indicated on line 1 of the tax rate notice is the State Experience Rate as defined on the federal form 940. For 2009, the Reserve Fund rate is 0.00%.

New Employers

New employers (except new construction employers) are assigned the rate from Rank 12 of the table in effect but not less than 1 percent. For 2009, the rate is 1 percent.

New construction employers are assigned the rate from Rank 21 of the table in effect. For 2009, the rate is 8.0 percent.

North American Industry Classification System (NAICS)

NAICS is an industry classification system that groups establishments into industries based upon

the activities in which they are primarily engaged. It is a comprehensive system covering the entire field of economic activities, producing and non-producing. There are 20 sectors in NAICS and 1,170 industries in NAICS 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 (FUTA) 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 is indicated on each employer's Notice of Unemployment Insurance Contribution Rate, item# 5 that is mailed to employers in mid November of each year.

NAICS information can also be found on IWD's website at www.iowaworkforce.org/lmi/lmidirectory/main/HTMs/defs/naics.htm.

Appeal/Judicial Review For Unemployment Contribution Rates

An employer may submit an appeal to Iowa Workforce Development for the contribution rate assessed against the employer's account. The appeal must be in writing and must be submitted within 30 days from the date of the contribution rate notice.

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

- an error in the computation of the rate,
- a favorable claims decision issued since the rate computation date (July 1) which reversed benefits charged before the computation date,
- a decision the employer expects to receive as the result of a pending appeal of a claim or chargeback.

Grounds for appeal DO NOT include "fairness" or "financial hardship," as Iowa Workforce Development has no authority to reduce rates that are computed accurately and according to law.

A hearing is conducted on the appeal. Iowa Workforce Development participates in these hearings; therefore, the Division of Administrative Hearings schedules and holds the hearing and then issues the decision. The employer may ask for a rehearing and/or appeal the determination to the District Court. An employer's request for rehearing must be made within 20 days of the issue date of the Appeal Section's most recent decision. An appeal to 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/her principal place of business.

It is important to note that the records submitted, as support 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 Appeals once the appeal has been filed.

Tax Base

The "taxable wage base" is that part of an employee's wage upon which the employer must pay unemployment insurance taxes. The taxable wage base for 2009 is \$23,700.00.

By law, the taxable wage base is either two-thirds of the statewide average weekly wage multiplied by 52 or the taxable wage base for federal unemployment tax, whichever is greater.

Charging Employer Accounts for Benefits Paid

Benefits paid on an unemployment insurance claim are generally charged to the accounts of the claimant's base-period employers in the inverse chronological order of employment. This means that the most recent base-period employer is charged first with benefits paid until wage credits are exhausted, after which 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, Iowa Workforce Development is required

to send each contributory employer a notice, Statement of Charges (form 65-5307), of the benefits charged to the employer's account.

If the employer has not been notified of the 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 Iowa Workforce Development 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 (FUTA)

Most private employers covered by the Iowa Unemployment Insurance 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 unemployment insurance program that meets federal requirements.

The FUTA tax for 2009 is scheduled to be 6.2 percent on the first \$7,000 of wages paid to employees. The federal tax is allocated back to the states to pay costs for administering the law. It also is used to pay the cost to administer the Federal Act as well as to provide funding for 50 percent of Extended Benefits (EB). If there are any funds left over, 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 line 1 of the tax rate notice is the State Experience rate as defined on the federal Form 940.

Reporting Multi-State Workers

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 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/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.

Questions and Answers About Iowa Unemployment Insurance Taxes

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

1. Q— What is the definition of “wages” for Iowa unemployment insurance purposes?

A— “Total wages” for Iowa unemployment insurance purposes basically means:

ALL remuneration paid to an employee by the employer, including the cash value of fringe benefits, EXCEPT those payments specifically exempted in section 96.19(41) of the Code of Iowa.

“Taxable wages” for Iowa unemployment insurance purposes means exactly the same as total wages until the “taxable wage limit” is reached on each employee. The limit changes every year. The limit for 2009 is \$23,700.

2. Q — Isn't “total wages” for Iowa unemployment insurance purposes the same as “wages subject to income tax withholding”?

A— **No**, there are several differences. Some payments specifically exempted for Iowa unemployment insurance purposes are subject to income tax withholding and some payments included for Iowa unemployment insurance purposes are exempted from income withholding.

EXAMPLES:

Sick Pay (under a plan): Subject to income tax withholding but NOT to Iowa unemployment insurance tax.

Deferred Compensation (employee's contribution): Generally NOT subject to income tax withholding, but is subject to Iowa unemployment insurance tax.

3. Q— Are benefits in a “cafeteria plan” considered wages for Iowa unemployment insurance purposes?

A— If the cost of the benefit is deducted from the employee's pay, it is considered wages (total and taxable) for Iowa unemployment insurance purposes. In other words, you must report the employee's pay **before the deduction** as both total and taxable wages.

NOTE—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.

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

A— If the payment into the retirement plan is deducted from the employee’s pay, it is considered wages (total and taxable) for Iowa unemployment insurance purposes. In other words, you must report the employee’s pay **before the deduction** as both total and taxable wages.

NOTE—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.

5. Q— Is the private use of a company car considered wages for Iowa unemployment insurance purposes?

A— **Yes**, it is 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 Iowa Workforce Development in the quarter in which the use actually occurred.

6. Q— Why must I report the value of the private use of a company car quarterly to Iowa Workforce Development instead of once a year in the fourth quarter?

A— There are numerous reasons, including the way unemployment insurance benefits are computed and the mid-year cutoff date for computing unemployment insurance tax rates for the following year.

7. Q— Should exempt employees be included in the Contribution and Payroll Report?

A— **No**. Exempt employees have no “wages” for unemployment insurance purposes, so they should be omitted entirely from the quarterly report.

8. Q— Should exempt payments be included in the Contribution and Payroll Report?

A— **No**. Exempt payments, such as sick or disability pay, made to otherwise covered employees, 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.

1. Exempt payments **under a specific plan**:*
 - a. Sick pay (including third-party payments)
 - b. Accident disability
 - c. Medical and hospitalization expense
 - d. Death benefits
2. Exempt payments **with or without a specific plan**:*
Retirement benefits
3. Exempt payments **without a specific plan**:*
 - a. Sick pay after **six months**
 - b. Accident disability after six months
 - c. Medical and hospitalization expense **after six months**

*Includes amounts paid into a fund or for insurance to provide for the payments.

9. Q— Are tips considered wages for Iowa unemployment insurance purposes?

A—Tips reported to the employer are considered wages (total and taxable) for Iowa unemployment insurance purposes.

10. Q—When does the taxable wage base change?

A—The taxable wage base changes each calendar year, and employers should be sure to update their computer programs annually. Because 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 Unemployment Insurance Contribution Rate (form 65-5306).

11. Q—If the amount due on my quarterly report totals less than \$1, am I expected to send a check for that amount?

A—**No.** If the **amount to be paid** on any quarterly report is less than \$1, it is not necessary to send a check, but the report must still be filed on time to avoid a penalty.

Unemployment Insurance Benefits

Eligibility Requirements

To receive unemployment insurance benefits, an unemployed worker must be:

- **Registered for work with a Workforce Development Center.**
- **Physically able to work, available for work, and actively seeking work** by personal contact with employers. (These three requirements are waived on a claim involving a worker who is laid off temporarily. The requirement to search for work is also waived for a worker who is unemployed due to refusing to bump a fellow worker with less seniority, or who has qualified for department approved training.)
- **Willing to accept suitable work** when it is offered.

In addition, an individual cannot place any undue restrictions on prospects for obtaining work such as demanding wages higher than the prevailing rate, limiting the number of hours of work, wanting work during hours other than those customary in his or her occupation and otherwise limiting availability.

If the claimant is in a training program, the program must first be approved by the Workforce Development Center before any benefits can be paid on the claim. By being in approved training, an unemployed worker 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 approved training.

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 averaged at the job prior to filing a claim, the job offer may be considered unsuitable.

The claimant's gross Average Weekly Wage (AWW) is calculated by using the high quarter 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 offered during first five weeks of unemployment.
- 75 percent, if work offered during the sixth to 12th week of unemployment.
- 70 percent, if work offered during the 13th to 18th week of unemployment.
- 65 percent, if work offered after the 18th week of unemployment. However, 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/referral, the individual is required to notify Iowa Workforce Development 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, an unemployed worker 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 unemployment insurance 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 worker's base period in which wages were the highest.

Weekly Benefit Amount

A claimant's weekly benefit amount is based on the individual's earnings and on the number of people who are financially dependent on the claimant. (The latter means the number of people declared as dependents on the claimant's federal income tax forms.)

State law requires the Unemployment Insurance Division to recompute unemployment insurance benefit levels in July of each year. The current benefit schedule is available from a Workforce Development Center.

The law requires the Unemployment Insurance Division to use a formula based on a percent of the statewide average weekly wage when it annually recomputes unemployment insurance benefit levels. Each year, Iowa Workforce Development also is required to compute the statewide average weekly wage paid to Iowa employees in insured work. The statewide average weekly wage for calendar year 2007 was \$682.90.

The statewide average weekly wage is computed 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 weekly wage includes all gross wages as well as overtime, holiday and vacation pay, and shift premiums.

Partial Benefits

Iowa law also provides for payment of unemployment insurance benefits in certain cases of partial unemployment. A worker is considered partially unemployed and eligible for unemployment insurance 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, or;
- 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.

If an employer's regular weekly schedule of work is reduced to where the employee earns less than the weekly benefit amount plus \$15, the employee may be eligible for partial benefits.

The partial benefit formula allows the claimant to earn one-fourth (25 percent) of the claimant's weekly benefit amount on the claim for unemployment insurance benefits. The remaining balance of earnings for the week is then deducted from the weekly benefit.

*See glossary for definition of the term "base period."

Duration of Benefits

A separate account for each worker who earns wages in insured work is maintained by the Unemployment Insurance Division. Wage credits are computed 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 a worker is unemployed due to the employer going out of business permanently, Iowa Workforce Development must credit the account with one-half 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:

- Voluntarily quitting a job without good cause attributable to the employer.
- Refusal of suitable work or recall by a former employer.
- Discharge for misconduct in connection with the work.

(In the above cases, a disqualified 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.

Exception: Workers may be eligible for unemployment insurance if they are:

- locked out by an employer even though willing to work under an expired contract, or
- not involved in a labor dispute but refuse to cross a picket line because of fear of violence.
- 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 unemployment insurance fund.
- Receiving other compensation in excess of weekly benefit amount.
- Failure to participate in reemployment services when selected.
- Failure 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 good 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 worker may not be disqualified for voluntarily quitting.** For example, an individual is not disqualified for benefits if he or she:

- Quits to accept other or better employment.

- Refuses to bump a fellow worker with less seniority.
- Leaves work to take care of a member of the individual's immediate family who is injured or ill.*
- Leaves work due to illness or injury that arose out of and in the course of employment.
- Leaves work on a licensed physician's advice for personal illness, injury, or pregnancy.*
- Leaves work on a licensed physician's advice to take a family member to a different climate for health reasons.*
- Leaves work for compelling personal reasons (for a period not to exceed 10 working days) after notice to the employer.*
- Leaves work due to a change of ownership that did not result in an offer of suitable work.

*Claimant is ineligible to receive benefits during the period of absence from work and must offer to return to work and be refused work by the employer to be eligible for benefits.

Supplemental Unemployment Benefit Plans

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

All SUB plans must be approved in advance by the Unemployment Insurance 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 Iowa Workforce Development 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 workers who have exhausted all their regular unemployment insurance benefits may be eligible to receive up to 13 weeks of additional payments through the EB program. In cases involving workers of private contributory employers, EB is funded on a shared basis from the Iowa Unemployment Insurance Trust Fund and from monies collected under the employer-financed Federal Unemployment Tax Act (FUTA). Governmental contributory employers are charged 100 percent of EB.

Voluntary Shared Work—Alternative to Layoffs

Shared work is an unemployment insurance program that provides employers an alternative to laying off employees. 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 Shared Work Plan collect a percentage of regular unemployment insurance benefits to compensate for reduced hours of work and wages. Benefits paid under this program are charged to the participating employer's unemployment insurance account unless workers are participating in a department approved training program.

For more information on this program, please call 515-242-0427 or write to:

Special Claims Unit
 ATTN: VSW Coordinator
 P.O. Box 10332
 Des Moines, Iowa 50306-0332

Claims Procedure

Filing a Claim

A worker who has been separated from employment may file a claim for unemployment benefits by contacting the nearest Iowa Workforce Development Center or over the Internet at www.iowaworkforce.org using the "Online Services". Claims are effective the Sunday of the week in which the claim was filed, regardless of the day on which the worker was separated.

Filing a claim does not necessarily mean that the worker will be paid benefits. To be eligible, the individual must not have been separated from employment for a disqualifiable reason, must meet the wage qualifications, and all of the eligibility requirements of the law. (Refer to the section titled "Unemployment Insurance Payments.")

The determination of a worker's eligibility for unemployment insurance begins with the individual's initial claim for benefits. The worker is required to report recent work history, including the name and address of the most recent employer, the reason for being separated from work, and other data. Upon receipt of the claim for benefits, an initial determination as to whether the claim is valid is made by Iowa Workforce Development.

Notice to Employers

If a claim is determined monetarily eligible, a Notice of Claim (form 65-5317) is sent to the worker's most recent employer and to all employers in the individual's base period.

Upon receiving the Notice of Claim, if the employer believes the claim is not valid, the employer may protest payment of benefits by stating the reason on the notice and returning it to Iowa Workforce Development. No reply is necessary if the worker was laid off for lack of work. However, if the worker received or will be receiving vacation, 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 Notice of Claim must be postmarked no later than 10 days from the date the notice was mailed.

On all contested issues resulting from an employer's protest notice, a fact-finding interview will be held on any issue that could deny benefits to the claimant. If the employer wishes to participate in the fact-finding interview, the employer should indicate on the Notice of Claim form.

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.

Notice of Separation

Employers are urged to call 515-281-3865 and electronically file a Notice of Separation (form 60-0154) whenever a worker 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 Iowa Workforce within 10 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 Iowa Workforce, the employer protects his or her interests. No charges can be made against the employer's account until any separation issues or allegations that a claimant refused a job, have been resolved.

Burden of Proof

The employer has the burden of proving that a worker 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

A worker who has lost his or her full-time employment may file a claim while remaining in supplemental employment. All employers, including supplemental employers, are notified of the filing of the claim so that each employer has an opportunity to file a protest. The employer furnishing the supplemental employment may submit a protest on the basis that 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 claim could result in the supplemental employer's account being charged for benefits at a later time.

Filing for Continued Claims

After filing an initial claim, a report is required from the claimant, as long as the claimant remains unemployed and is otherwise eligible. The required report may be filed by telephone or on the web at www.iowaworkforce.org; click on "Online Services" and choose "File your Weekly Continued Claim for Unemployment".

For each week the claimant claims 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 received during the first week the individual claims benefits; and if the employer notifies Iowa Workforce Development in a timely manner, all remaining vacation pay.

(Such payments are deductible from unemployment insurance benefits on a weekly basis.)

The following are deductible only if the employer was a base-period employer or can be charged for the worker's unemployment insurance 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 that 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 that a former employee has filed an unemployment insurance claim, the employer may protest payment of benefits if the employer feels the individual is not qualified.

To protest the claim, the employer must state the reasons for protest on this same notice, sign the notice, and mail or fax it to Iowa Workforce Development. 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 Iowa Workforce Development and returned to the employer. **It is important to note that no extension of the 10-day protest period is granted when an employer fails to sign the notice.**

When a protest is filed, a fact-finding interview may be scheduled. Normally, 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 Unemployment Insurance Division of Iowa Workforce Development (IWD) should be notified immediately and arrangements made for furnishing the pertinent information. 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 Unemployment Insurance 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 Iowa Workforce Development 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 Iowa Workforce Development within a few days of the fact-finding interview. A copy will be mailed to both the employer and claimant. If either party disagrees with this determination, he or she may file an appeal. Instructions for doing so are included on the reverse of the decision. The appeal may be mailed or faxed to the Appeals Section of Iowa Workforce Development. It must be postmarked or received within 10 days of the mailing date of the initial decision.

General questions about the fact-finding interview notice or about a former employee's eligibility to receive unemployment benefits may be directed to your local Iowa Workforce Development Center. Questions about the employer's account will be answered by contacting IWD's Tax Bureau at (515) 281-5339.

Appeals

If the initial determination is appealed, the Appeals Bureau will schedule a formal hearing with an administrative law judge. Most hearings are held by telephone, but either party may request an in-person hearing. Telephone hearing notices contain toll free numbers you must call to provide names and phone numbers of all witnesses. Parties who do not provide this information will not be called at the time of the hearing. Testimony and documentary evidence may be obtained by subpoena and through pre-hearing discovery.

Parties are notified by mail of the time and place of the hearing and of the issues to be decided. Be sure to present witnesses with first-hand information of the events and supporting exhibits as needed. Documents submitted with the protest and for the fact-finding interview are NOT automatically part of the appeal record. Let us know if you wish to have them retrieved and provided to both parties prior to the hearing. The administrative law judge cannot consider any documents that have not been provided to both parties prior to the hearing.

Either party may appeal the administrative law judge's decision by notifying the Employment Appeal Board within 15 days from the date that the administrative law judge's decision is mailed. If filed by mail, the appeal must be postmarked within the 15-day period. Appeals may also be delivered in person to the Board at the Lucas State Office Building in Des Moines or to any Workforce Development Center.

Review by Employment Appeal Board, Department of Inspections and Appeals

After the Employment Appeal Board has reviewed the record, it will issue its decision. The Employment Appeal Board can affirm, reverse, or modify the administrative law judge's decision. If good cause is shown why pertinent information was not made available earlier to the administrative law

judge, the Employment Appeal Board may remand the case to the administrative law judge for the taking of additional testimony.

If either the employer or the claimant does not agree with the Employment Appeal Board's decision, either can appeal to the board for a rehearing. The request for a rehearing must be postmarked within 20 days from the mailing date on the board's decision. An application for rehearing should be sought only when new and/or additional evidence, not previously presented, is available and good cause can be established why that evidence was not previously presented, or that not all issues or arguments were considered or addressed by the decision of the Employment Appeal Board.

A party adversely affected by the decision may petition for judicial review by the appropriate district court. The district court appeal must be filed within the 30-day time limit shown on the Employment Appeal Board's decision.

Please be sure to read all notices and decisions carefully and follow the directions for filing appeals so that any appeal is filed within legal time limits.

If you have questions about appeal deadlines, immediately contact the nearest Workforce Development Center or call Iowa Workforce Development at 800-JOB-IOWA (800-562-4692).

For questions about deadlines for filing appeals with the Employment Appeal Board call (515) 281-3638.

PROGRAM INTEGRITY/FRAUD INVESTIGATION

The unemployment insurance trust fund is supported through taxes paid by Iowa employers. Therefore, any unemployment insurance benefits fraudulently claimed is money stolen directly from these employers.

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

Identity theft protection

IWD has partnered with the Social Security Administration in a program that verifies the identity of an individual who has applied for UI benefits. The claimant's full legal name, SS#, 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 unemployment insurance fraud is detected through various methods such as:

- Regular computer cross-match of employer wage records with weekly benefits paid in unemployment insurance. This crossmatch system is also used in a cooperative effort with other states to detect illegal payments to workers who claim benefits in one state while working in another.
- Work search verification with employers listed on a claimant's report of job search contacts.
- Anonymous tips and reports from relatives of claimants, employers, fellow employees, and other members of the public.

Does the fraud detection program benefit employers?

Yes! Better detection and prevention of improper unemployment insurance benefit payments results in a decrease in benefit payouts which in turn decreases employer taxes.

Who investigates possible unemployment insurance fraud?

In addition to detecting and recovering unemployment insurance overpayments, the Investigation & 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.

The Investigation & Recovery Unit has nine investigators assigned at strategic points throughout Iowa.

The Investigation & Recovery Unit is a liaison with other state, federal, and local law enforcement agencies. The unit's investigators are available to speak about fraud prevention and detection to interested groups upon request.

How can employers help?

To assist the IWD Investigation & Recovery Unit in investigating potential unemployment insurance fraud, employers should:

- Comply with the investigator's request for information.
- Provide information promptly including completion of wage crossmatch forms.
 - 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 e-file exchange. Receive further information by submitting a request to: crossmatch@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 benefits have been fraudulently claimed.

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 openings on IWD's website at no cost by placing a job order with a Workforce Development Center. Some employers are forced to lay off workers at the same time other employers need them. A larger group of potential applicants can be reached via the Internet.
- Establish the facts immediately when an individual is separated from your employment. Promptly file a Notice of Separation (form 60-0154) with the Unemployment Insurance Division by calling 515-281-3865. Employers may file this form by paper. Paper forms are available at all Iowa Workforce Development Centers 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 with the Unemployment Insurance 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 unemployment insurance fraud investigations conducted by the Unemployment Insurance Division.
- Cooperate with Iowa Workforce Development 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 Unemployment Insurance Contribution Rate (form 65-5306). If any discrepancies are found on these forms, they should be reported to the Tax Bureau (515-281-5339) 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

- To be prepared, familiarize yourself with the facts of the case.
- Make an outline of the case for your personal reference.
- Know the location of the material in your file so you can avoid searching for documents.
- Stick to the pertinent facts - avoid irrelevancies.
- Don't interrupt the person testifying. If statements are incorrect, make a note of them because you will have your chance to correct them later.
- Don't be argumentative. 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.
- When questioned by the Iowa Workforce Development representative or the administrative law judge, and you don't understand the questions, acronyms or legal jargon, say so immediately.
- If you want to present new exhibits, be sure to have additional copies so the information

- Don't totally depend on affidavits because they can be challenged.
 - The person who signed the affidavit cannot be questioned or challenged.
 - A piece of paper cannot be cross-examined.
- Present first-hand information for evidence, not hearsay. Although hearsay can be admitted, its reliability can readily be challenged.
- Remember, your last chance to get evidence into the record is at the administrative law judge level. Don't 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 court that you need a remand for more evidence. In that event, you must have a good reason for not presenting your evidence earlier.
- If you don't 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 Iowa Workforce Development 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 Iowa Workforce Development 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.

your account for a claim that you as an employer feel is invalid, it is important that you make every effort to establish proof that the specific claimant involved should be disqualified from receiving unemployment insurance benefits.

In an effort to establish proof that a specific claimant is not qualified to receive unemployment insurance 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 that led to the claimant's separation participates in any hearings to give testimony. (Hearsay testimony can be accepted as evidence, but eyewitness testimony 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.

Carrying Burden of Proof

To avoid the possibility of a charge against

Services For Employers

Iowa Workforce Development offers the following full range of services designed to help employers recruit, train and develop workers:

- **Recruitment**—Once employers identify the skills and requirements of the jobs they want to fill, IWD starts looking for the best-qualified applicants. Here are some of the ways we can help.
 - ⇒ Employers can list their jobs on the IWD website, www.iowaworks.org, in several different ways, at no cost. A job order can be placed at any local Workforce Development Center across the state or the employer can register and post job orders at www.iowaworks.org. Another option is to sign up for a new “screen-scraping” service. Screen-scraping allows IWD to import employers’ jobs onto the website for posting. This frees up employers’ staff and time by automating the process. IWD handles the details, for any of these options, to enable employers to reach a larger number of potential job applicants via the Internet.
 - ⇒ IWD can link employers with www.iowaworks.org, Iowa’s largest job bank, and Job Central, a nationwide job bank. Professional and technical jobs paying at least \$30,000 a year are automatically posted to www.smartcareermove.com.
 - ⇒ We provide appointment and interviews on demand. We’ll do the preliminary legwork and reduce your costs. We’ll also provide employers with extra office space they may need to conduct initial interviews and screening.
- **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.
 - ⇒ We also provide WorkKeys® to help employers put the right person in the right job and reduce turnover. This assessment tool can be used with applicants, as well as current employees, to identify training areas to help increase worker productivity.
- ⇒ 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, and Access.
- **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, new training opportunities, and registration for unemployment insurance are some of the services we offer.
- **Labor Market Information**—Employers can use our data when they’re thinking of expanding their business or want to find available labor. We have information on prevailing wage and benefit packages and the availability of workers.
- **Financial Incentives**—Work Opportunity Tax Credit (WOTC) or reimbursement for on-the-job training services can help lessen the risk of hiring new employees. Some eligibility requirements apply.
- **Employer Resources**—IWD provides consulting services about the laws governing employment and the workforce. Employers may obtain consultation on OSHA, tax information, workers’ compensation, unemployment insurance, and hiring practices. We provide seminars to help on employment and management issues.
- **Teaming up With Partners**—IWD doesn’t provide these services by itself. We partner with community colleges, local business development groups, and other private and public organizations to help businesses grow.
- **Employers Council of Iowa**—This advisory group offers a 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 HR needs.
- **Federal Bonding**—IWD administers the Federal Bonding Program, sponsored by the U.S. Department of Labor. The program’s fidelity bonds provide insurance guaranteeing job honesty and service as an effective employer incentive for hiring hard-to-place job seekers.

Iowa Workforce Development Field Auditors

Iowa Workforce Development field auditors assist area employers in all matters relating to the Iowa unemployment insurance laws and rules. Field Auditors are located at Iowa Workforce Development in Des Moines and 16 Workforce Development Centers 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 unemployment insurance 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 unemployment insurance 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	Fax
Atlantic	712-243-5793	508 Poplar Street	50022	712-243-5584
Burlington	319-753-1671 X231	1000 N. Roosevelt/P.O. Box 609	52601	319-753-5881
Carroll	712-792-2708	619 N. Carroll Street	51401	712-792-6605
Cedar Rapids	319-365-9474 X1211	P.O. Box 729	52406	319-365-9270
	319-365-9474 X1210	P.O. Box 729	52406	319-365-9270
	319-365-9474 X1209	P.O. Box 729	52406	319-365-9270
Council Bluffs	712-242-2120	300 W. Broadway #13	51503	712-242-2150
Creston	641-782-2119 X35	215 N. Elm	50801	641-782-7060
Davenport	563-445-3250	902 W. Kimberly Rd. #51	52806	563-445-3240
	563-445-3252	902 W. Kimberly Rd. #51	52806	563-445-3240
Des Moines	515-242-6365	1000 E. Grand Avenue	50319	515-281-4273
	515-242-6366	1000 E. Grand Avenue	50319	515-281-4273
	515-242-6367	1000 E. Grand Avenue	50319	515-281-4273
	515-242-6368	1000 E. Grand Avenue	50319	515-281-4273
	515-242-6353	1000 E. Grand Avenue	50319	515-281-4273
	515-281-8171	1000 E. Grand Avenue	50319	515-281-4273
	515-281-3220	1000 E. Grand Avenue	50319	515-281-4273
	515-281-4272	1000 E. Grand Avenue	50319	515-281-4273
	515-242-5866	1000 E. Grand Avenue	50319	515-281-4273
	515-281-8218	1000 E. Grand Avenue	50319	515-281-4273
	515-281-5393	1000 E. Grand Avenue	50319	515-281-4273
	515-281-4069	1000 E. Grand Avenue	50319	515-281-4273
Dubuque	563-556-5895 X126	680 Main Street, 2nd Floor	52001	563-556-0154
	563-556-5895 X125	680 Main Street, 2nd Floor	52001	563-556-0154
Fort Dodge	515-576-0741 X4	Three Triton Circle	50501	515-955-1420
	515-576-0741 X3	Three Triton Circle	50501	515-955-1420
	515-576-0741 X5	Three Triton Circle	50501	515-955-1420
Iowa City	319-351-4268	1700 S.1st Ave., Ste 11B	52240	319-351-4433
	319-351-4268	1700 S.1st Ave., Ste 11B	52240	319-351-4433
Mason City	641-422-1520	600 S. Pierce Street, Ste 1	50401	641-422-1543
Newton	641-791-5114	600 N. 2nd Ave W, Ste S	50208	641-791-5110
Ottumwa	641-684-5401 X104	310 W. Main/P.O. Box 717	52501	641-684-4351
	641-684-5401 X107	310 W. Main/P.O. Box 717	52501	641-684-4351
Sioux City	712-233-9032	2508 4th St.	51101	712-277-8438
	712-233-9046	2508 4th St.	51101	712-277-8438
Spencer	712-262-1971 X129	217 W. 5th St./P.O. Box 1087	51301	712-262-1963
Waterloo	319-235-9864	3420 University Ave., Suite G	50701	319-235-1068
	319-235-2123 X320	3420 University Ave., Suite G	50701	319-235-1068

Glossary

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

APPEAL - The right of interested parties to challenge a determination on the basis that 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 first four of the last five completed calendar quarters preceding the quarter in which the claim is filed. Examples:

	Base Period is the
	12 Months Ending
IF CLAIM FILED IN	the Previous:
January, February or March	September 30
April, May or June	December 31
July, August or September	March 31
October, November or December	June 30

BENEFIT RATIO - An employer's five-year average annual taxable payroll divided into the five-year annual average of the firm's benefit payments. 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 claim for unemployment insurance.

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

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

DEPENDENTS - Individuals named as dependents on federal income tax forms filed by the unemployment insurance 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 claim. (When both spouses are receiving unemployment insurance, they cannot claim the same dependents on unemployment insurance forms.)

DETERMINATION - A decision on a request for insured status, a claim for benefits, or any unemployment insurance 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. Claims for unemployment insurance always begin on a Sunday. Usually, it is the Sunday of the week in which the claim is actually filed.

EFFECTIVE DATE (Employer) - The date an employer must begin reporting wages and paying unemployment insurance tax on same.

EMPLOYMENT APPEAL BOARD - On appeal, reviews unemployment insurance benefit decisions made by Iowa Workforce Development 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 unemployment insurance contributions and the other 50 percent through the FUTA tax.

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

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

LAG QUARTER - The calendar quarter immediately preceding the quarter in which the claim is filed. The lag quarter is not part of the base period. (See illustration under "base period" this section.)

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

PART-TIME WORKER - A person 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 worker is laid off, discharged or quits. This may or may not be the base-period employer depending on the period of time the worker has been employed there.

TAXABLE WAGES - That portion of wages on which unemployment insurance tax is paid. (In 2009, an employer pays unemployment insurance tax on the first \$23,700 in wages paid to each insured employee.)

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

VALID 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 remuneration 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.

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Auxiliary aids and services are available upon request for individuals with disabilities.

For deaf and hard of hearing, use Relay 711.

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