

INFORMATION ON RATE COMPUTATIONS FOR PRIVATE EMPLOYERS — 2008

IMPORTANT: All appeals of unemployment insurance rates **MUST BE** in writing, see Section IV of this notice. Other inquiries about specific unemployment insurance rates **SHOULD BE** in writing instead of by telephone because the information may be of a confidential nature and because written inquiries create a written record of both the inquiry and the response. Please direct telephone inquiries to 800-972-2024 or 515-281-5339.

SECTION I — HOW RATES ARE COMPUTED (FOR EMPLOYERS ELIGIBLE FOR A COMPUTED RATE)

The method used to compute Iowa unemployment insurance rates for private employers is a “benefit ratio” array system. Rates are computed in the four steps given below:

Step 1. — Selection of the Rate Table

There are eight rate tables each having 21 ranks. Rates vary from 0.00 percent to 9.00 percent on table 1 and from 0.00 percent to 7.00 percent on table 8. Table 1 collects the most tax and table 8 collects the least tax. The table in effect is determined by a formula that considers the total funds available to pay benefits on the rate computation date, the total wages paid by all contributory employers during the first four of the five calendar quarters immediately preceding the rate computation date, and the highest 12 consecutive month benefit cost ratio during the 10-year period ending on the rate computation date. The table in effect for 2008 is **Table 6**.

Step 2. — Determining Each Employer’s Benefit Ratio

The annual average of benefits charged to an employer’s account for the 20-quarter (five-year) period immediately preceding the rate computation date (July 1) is divided by the employer’s average annual taxable payroll for the same five-year period to obtain the employer’s benefit ratio.

Step 3. — Ranking Employers by Benefit Ratio

The benefit ratio of each employer is then compared to the benefit ratio of every other employer in a process called “ranking.” This process is similar to that used by a school teacher who grades on a curve.

Each employer’s benefit ratio rank is determined by listing all the employers by increasing benefit ratios, from the lowest benefit ratio to the highest ratio, and then grouping the employers on the list into 21 ranks, containing as nearly as possible, 4.76 percent (1/21) of the total taxable wages reported by the same employers for the four calendar quarters immediately preceding the rate computation date.

NOTE—All employers having the same benefit ratio are assigned to the same rank and employers whose taxable wages overlap ranks are assigned to the lower of the two ranks.

Step 4. — Applying the Rate Table (Step 1) to the Rankings (Step 3)

- a. Employers whose benefit ratios place them in rank 1 are assigned the corresponding rank 1 rate from the rate table in effect. Employers whose benefit ratios place them in rank 2 are assigned the rank 2 rate from the rate table in effect and so forth until all employers have been assigned rates.
- b. Please refer to section 1 of the tax rate notice for the contribution rate for each individual tax account. For Federal 940 Certification purposes, the Contribution Rate indicated in section 1 of the tax rate notice is the State Experience Rate as defined on the federal Form 940.
- c. For 2008, the Reserve Fund Rate is 0.00%.

NOTE—Employers who receive a zero rate from the table are required to file a timely report.

Any employer who owes less than \$1.00 on any quarterly report is not required to make a payment with that report. However, a timely report must be filed.

SECTION II —BENEFIT RATIO RANKINGS FOR 2007 AND 2008

2007				2008			
RANK	BENEFIT RATIOS		RATE FROM TABLE 6	RANK	BENEFIT RATIOS		RATE FROM TABLE 6
	FROM	TO			FROM	TO	
1,2,3	Lowest	0.0548	0.00	1,2,3	Lowest	0.0541	0.00
4	0.0549	0.1143	0.10	4	0.0542	0.1137	0.10
5	0.1144	0.1824	0.20	5	0.1138	0.1819	0.20
6	0.1825	0.2462	0.30	6	0.1820	0.2442	0.30
7	0.2463	0.3100	0.40	7	0.2443	0.2915	0.40
8	0.3101	0.3798	0.50	8	0.2916	0.3483	0.50
9	0.3799	0.4307	0.60	9	0.3484	0.3919	0.60
10	0.4308	0.5119	0.60	10	0.3920	0.4635	0.60
11	0.5120	0.5808	0.70	11	0.4636	0.5544	0.70
12	0.5809	0.6572	0.90	12	0.5545	0.5951	0.90
13	0.6573	0.7615	1.10	13	0.5952	0.6891	1.10
14	0.7616	0.8817	1.30	14	0.6892	0.7763	1.30
15	0.8818	1.0307	1.60	15	0.7764	0.9234	1.60
16	1.0308	1.2458	1.90	16	0.9235	1.1139	1.90
17	1.2459	1.5269	2.30	17	1.1140	1.3758	2.30
18	1.5270	1.9702	3.10	18	1.3759	1.7291	3.10
19	1.9703	2.8227	4.20	19	1.7292	2.5809	4.20
20	2.8228	4.6960	5.80	20	2.5810	4.4323	5.80
21	4.6961	HIGHEST	8.00	21	4.4324	HIGHEST	8.00

SECTION III — MISCELLANEOUS INFORMATION

A. Rates for “Newly Covered” Employers:

- NON-CONSTRUCTION EMPLOYERS** not yet eligible for a computed rate are assigned the rate from rank 12 of the table in effect but not less than 1.00 percent. For 2008 the rate is **1.00 percent**.
- CONSTRUCTION EMPLOYERS** not yet eligible for a computed rate are assigned the rate from rank 21 of the table in effect. For 2008 the rate is **8.00 percent**.

B. Taxable Wage Base—The taxable wage base is essentially two-thirds of the average annual wage paid in the state for the calendar year preceding the rate computation date. For 2008, the taxable wage base is **\$22,800.00**.

SECTION IV — APPEALS OF THE CONTRIBUTION RATE

An appeal MUST:

- Be in **WRITING**
- Be filed **WITHIN 30 DAYS** of the date on the rate notice
- State that it is an **APPEAL**
- Give the **GROUND**s for the appeal and the relief sought. Grounds for an appeal include, but are not necessarily limited to, an error in the computation of the rate (or in the figures used to compute the rate), a favorable claims decision issued since the rate computation date (July 1) that reversed benefits charged before the rate computation date, or a favorable decision that is expected as the result of a claims or chargeback appeal still in progress. Grounds for an appeal **DO NOT** include “fairness” or “financial hardship” as Iowa Workforce Development has no authority to reduce rates that are computed accurately and in accordance with Iowa law.
- Be mailed to the address shown below:

Be sure to include your IOWA EMPLOYER ACCOUNT NUMBER in any appeal.

**Iowa Workforce Development
Tax Bureau
1000 East Grand Avenue
Des Moines, Iowa 50319-0209**

Unemployment Insurance Services is on the internet at www.iowaworkforce.org/ui.

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities.
For deaf and hard of hearing, use Relay 711.

