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Unemployment Insurance Tax Rate Table Remains the Same for 2021

DES MOINES – Iowa Workforce Development announced that the unemployment insurance tax rates for Iowa employers will remain unchanged for 2021. In June 2020, Gov. Reynolds directed \$490 million of the State’s \$1.25 billion in CARES Act Coronavirus relief funds to be deposited into the Unemployment Insurance Trust Fund. This deposit ensured that Iowa would remain in Tax Table 7 for 2021.

“Remaining in Tax Table 7 is key to Governor Reynolds’ overall recovery strategy. Her decision will save Iowa employers over \$400 million in unemployment insurance taxes in 2021 and significantly reduce the impact of the pandemic on employers,” said Director Beth Townsend, Iowa Workforce Development.

“Additionally, she made the decision at the beginning of the pandemic not to charge employers’ accounts with unemployment claims. Under Governor Reynolds’ leadership, Iowa employers will not face higher taxes due to having to lay off employees during the pandemic.”

Iowa Law requires Iowa Workforce Development to establish the tax table that determines the unemployment insurance tax rate for eligible employers each year. The unemployment insurance rate table trigger formula is primarily based on the trust fund balance on either June 30th or August 15th each year, whichever balance is higher. The formula is designed to enable the trust fund to

keep pace with potential liabilities as covered unemployment and wages grow. Based on this formula, the contribution rate table will remain in table 7 of 8 possible tables in 2021.

Iowa Workforce Development is the state agency charged with collecting unemployment insurance taxes from employers and operating Iowa's unemployment insurance payment program for workers. Through a network of IowaWORKS centers, the agency also connects job seekers with opportunities and employers with workforce solutions.

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